A COMPARATIVE STUDY OF TURKEY'S ENERGY SECURITY POLICIES TOWARDS KAZAKHSTAN AND IRAQ

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ABSTRACT

A COMPARATIVE STUDY OF TURKEY'S ENERGY SECURITY POLICIES TOWARDS KAZAKHSTAN AND IRAQ

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Energy security has started to take an important place in national security strategies of all countries. Energy security policies of countries take different characteristics for the energy importing and exporting countries. Therefore, countries formulate and implement their energy security policies according to their political, economic and geographical conditions. This thesis seeks to explore the energy security policies of Turkey towards Kazakhstan and Iraq in order to identify the similarities and differences in Turkey's energy security policies towards Kazakhstan and Iraq from a comparative perspective.

In this context, contrary to the claims of some studies in the literature which neglect the interdependence between Turkey's energy cooperation with the Eurasia and the Middle East, this thesis argues that Turkey's energy security policies require Ankara to sustain a different but balanced energy policy towards the Eurasian and the Middle Eastern countries, as exemplified in Turkey's energy cooperation with Kazakhstan and Iraq as representative cases from the respective regions.

The thesis has six chapters on the following topics: Introduction, the concept of energy security, energy security policies of Turkey, Energy Relations between Turkey and Kazakhstan, Energy Relations between Turkey and Iraq, as well as the Conclusion.

Keywords: Middle East, Eurasia, Oil, Natural Gas, Energy Security.

ÖZ

TÜRKİYE, IRAK VE KAZAKİSTAN'IN ENERJİ GÜVENLİK POLİTİKALARININ KARŞILAŞTIRMALI ÇALIŞMASI

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Enerji güvenliği yüzyılımızda ulusal güvenlik politikalarının önemli bir parçası haline geldi. Ülkelerin enerji güvenliği politikaları, ithalatçı ve ihracatçı ülkeler açısından farklı karakteristik özelliklere sahiptir. Bu nedenle ülkeler, enerji güvenliği politikalarını coğrafi, siyasi ve ekonomik koşulları çerçevesinde tasarlanmaya ve uygulanmaya başladı. Bu tez, Türkiye'nin Kazakistan ve Irak yönündeki enerji güvenliği politikalarını, Türkiye'nin bu ülkelere doğru enerji güvenliği politikalarının benzer ve farklılıklarını karşılaştırmalı bir bakış açısından tanımlamak amacıyla araştırmaya çalışmaktadır.

Bu bağlamda, Türkiye ile Avrasya ve Orta Doğu ülkeleri arasında enerji alanında işbirliğinin karşılıklı bağımlılığını ihmal eden literatürdeki bazı çalışmaların iddialarının aksine, bu tez, örneğin Türkiye'nin Kazakistan ve Irak ile enerji işbirliği gibi ilgili bölgelerden temsili vakalar gibi, Türkiye'nin enerji güvenliğinin Ankara'yı Avrasya ülkeleri ve Orta Doğu ülkeleri ile ilgili farklı ama dengeli bir enerji politikası izlemesi gerektiğini iddia etmektedir.

Bu tez şu başlıkları içeren altı bölümden oluşmaktadır: giriş, enerji güvenliği konsepti, Türkiye'nin enerji güvenliği politikaları, Türkiye ve Kazakistan arasında enerji ilişkileri, Türkiye ve Irak arasında enerji ilişkileri ve sonuç argümanını içeren altı bölümden oluşmaktadır.

Anahtar kelimeler: Orta Doğu, Avrasya, Doğalgaz, Petrol Enerji Güvenliği,

To My Mother and Father
Özgül Yavuz & Rasim Yavuz

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ABBREVIATIONS

AKP:	Justice and Development Party
AMG:	Aktobemunaigaz
API:	American Petroleum Institute
APOC:	Anglo-Persian Oil Company
BG:	British Gas
BOTAŞ:	Turkish Pipeline Consortium
BTC:	Baku Tbilisi Ceyhan Pipeline
CAC:	Central Asia Center Pipeline
CFP:	Compagnie Francaise des Petroles
CICCA:	Confidence Building Measures in Asia
CNPC:	China National Petroleum Company
CPA:	Coalition Provisional Authority
CPC:	Caspian Pipeline Consortium
CSTO:	Collective Security Treaty Organization
DFI:	The Development Fund for Iraq
EC:	European Commission
ECO:	Economic Cooperation Organization
EIA:	Energy Information Administration
ENI:	Ente Nazionale Idrocarburi-National Hydrocarbons Authority
ESS:	European Security Strategy
EU:	European Union
ERAP:	Enterprise de Recherches et D'activités Pétrolières
GDP:	Gross Domestic Product
IAGS:	Institute for the Analysis of Global Security
IAMB:	International Advisory Monitoring Board
IEA:	International Energy Agency
IMF:	International Monetary Fund
INOC:	Iraq National Oil Company

IOCs:	International Oil Companies
IPC:	Iraq Petroleum Company
IPSA:	Iraq Petroline Saudi Arabia Line
ISL:	Iraq-Syria-Lebanon Line
ISIL:	The Islamic State of Iraq and the Levant (Islamic State of Iraq and Syria-ISIS)
ITC:	Kirkuk Ceyhan Pipeline
KMG:	KazMunaiGaz
KTO.	KazTransOil
KRG:	Kurdistan Regional Government
KTM:	KazakhTurkMunai
LNG:	Liquefied Natural Gas
MDOC:	Midland Oil Company
NATO:	North Atlantic Treaty Organization
NOC:	National Oil Company
NOC:	The North Oil Company
OECD:	Organization for Economic Co-operation and Development
OGJ:	Oil and Gas Journal
OPEC:	Organization of Petroleum Exporting Countries
OAPEC:	Organization of Arab Petroleum Countries
PCA:	Partnership and Cooperation Agreement
PfP:	Partnership for Peace
PKK:	Kurdistan Workers Party
PSA:	Production Sharing Agreements
PYD:	Democratic Union Party
SCO:	Shanghai Cooperation Organization
SOC:	South Oil Company
SOMO:	State Oil Marketing Organization
TANAP:	Trans Anatolian Pipeline
TCO:	TengizChevrOil
TPAO:	Turkish Petroleum Corporation

TPC:	Turkish Petroleum Company
TPES:	Turkey's Primary Energy Supply
TSC:	Technical Service Contracts
XUAR:	Xinjiang Uyghur Autonomous Region
UN:	United Nations
UNSC:	United Nations Security Council
USA:	United States of America
USSR:	Union of Soviet Socialist Republics

CHAPTER 1

INTRODUCTION

1.1. Scope and Objective

This thesis seeks to examine the energy security policy of Turkey as a net importer of hydrocarbon resources with Kazakhstan, an exporter from Central Asia, and Iraq, an exporter from the Middle East from a comparative perspective.

In fact, security of energy resources became one of the main topics in international politics in the last century. Energy security is not just one of the important topics for industrialized and importer countries but exporter countries as well. Energy security is a complex term that covers both producer and consumer countries. From the perspective of consumer countries, the major concerns are reasonable price and the risks of supply disruption. From the view of producer countries, the major concerns are security of revenue and access to new reserves. Therefore, the explication of term "energy security" differs by different international actors.

In this context, both importer and exporter countries formulate their policy according to their needs. However, the consumers have to diversify their energy security policies. Thus, as an energy importer country, Turkey has to diversify its energy sources though different energy partners. Therefore, the Turkish case shows that importer countries have to formulate different energy security policies with different exporters to solve their energy security problems. It is hard to say that countries pursue a single energy policy with different partners.

Turkish energy security consists of security of supply and security of transport. Some countries have a significant position in Turkish energy security as suppliers such as the Russian Federation, Iran and Iraq. Turkey imports its hydrocarbon resources mainly from the Russian Federation, Iran, Iraq and Azerbaijan. Turkey imports nearly 91% of its oil and 99% of its gas. Therefore, the

security of energy supply has become a vital component for Turkey, not only for its daily consumption but also its economy.

In this thesis, Turkey's energy relations with Kazakhstan and Iraq will be evaluated. Accordingly, Kazakhstan is the most likely oil and gas exporter to Turkey. After the disintegration of the Union of Soviet Socialist Republics (USSR), Kazakhstan developed its hydrocarbon sector which was a heritage from the Soviet Era. Starting from Kazakhstan, Central Asia contains vast amounts of hydrocarbon resources. Relatively developed infrastructure, Kazakhstan is ready to export its hydrocarbon resources to Turkey. In the long term, Central Asian energy resources would be a reliable option for Turkey. For this purpose, energy security of Kazakhstan and its energy relations with Turkey will be evaluated in this thesis.

Iraq is oil supplier for Turkey as well. In the short term, Iraqi oil will continue to be transported to Turkey. However, Iraqi gas will be considered for importation by Turkey in order to decrease Russian majority in its gas mix.

As I mentioned above, importer countries like Turkey have to diversify their energy supplies through their energy security policies. Energy importers have similar energy policy tendencies, however due to the circumstances, energy trade with different exporters requires different energy policies. In that case, for Turkish energy security policy example, Iraq will be an option in the short haul. But, in the middle and long term, Central Asian oil and gas resources, above all Kazakhstan's energy resources seem to be more attractive option for Turkey's energy security.

1.2. Literature Review

The literature used in this thesis is mostly energy on security policies. According to the Jan H. Kalicki and David L. Goldwyn, energy security has four main pillars. They evaluate energy security as the provision of affordable, reliable, diverse and ample supplies of hydrocarbons especially oil and gas[1]. In general, these pillars are acceptable for defining energy security.

[1] Jan H.Kalicki and David L.Goldwyn, *Energy&Security Toward A New Foreign Policy Srategy*, Washington, Woodrow Wilson Center Press, 2005.

In this way, Daniel Yergin defines energy. Moreover, Daniel Yergin adds major reasons for returning to energy security[2]. According to him, energy security contains reliable and affordable access to energy supplies, diversification, integration into energy markets, and the provision of information. As Martin J. Pasqualetti and Benjamin K. Sovacool, the elements and explanation of energy security are entirely defined. For them, energy security embraces energy efficiency, innovation, diversification, commerce and public health.

Besides, from the perspective of Gawdat Baghad, energy security issue brings storage of oil supplies level. After the oil embargo, energy security is meaningful for the oil storages of states, which are importers[3].

When we evaluate energy security for the states, in this thesis, Kazakhstan's position is under debate. After the disintegration of the Soviet Union, economic capability has been a tool for the Central Asian States for integrating their structure to the international system. As Gregory Gleason states, energy security is vital for economic structure. According to Bülent Gökay, Soviet oil industry became the world's biggest oil exporter up to the 1970s[4]. During the Soviet Era, major oil production location was Baku[5]. As Alexander Nazaroff indicates, the Soviet Union decided to decrease dependence on the resources of Baku**.** The lands between Russian and Kazakhstan border and the Ural Mountains were discovered with the presence of oil in this period. Thus, after the disintegration of the Soviet Union, the fate of Kazakhstan is liked with the position of hydrocarbon and mining sectors[6].

When we look to Turkey's energy security performance, according to Stephen Larrabee, the main threats to Turkish energy security is coming from Iraq[7]. The total

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[2] Daniel Yergin, *The Quest: Energy, Security and The Remaking Of The Modern World,* London Penguin Books, 2012.

[3]Gawdat Baghad, *Energy Security, An Interdisciplinary Approach*, Sussex, John Wiley&Sons Ltd., 2011.

[4] Bülent Gökay, "The Background: History and Political Change", ed. Bülent Gökay, *The Politics of Caspian Oil*, New York, Palgrave Macmillan, 2001.

[5]Alexander Nazaroff, "The Soviet Oil Industry," *Russian Review*, Vol.1, No 1, 1941, pp. 81-89.

[6] Gregory Gleason, *The Central Asian States Discovering Independence,* Boulder, Colorado and Oxford Westview Press, 1997.

[7] Stephen F. Larrabee, "Turkey's New Geopolitics," *Survival*, Vol.52, No 2, 2010, pp. 157-180.

energy demand of Turkey is growing 3%-8% annually, one of the highest rates in the world according to the Fatma Kılıç and Durmuş Kaya[8].

From the late Ottoman Era, the issue of oil and gas in Iraqi lands has been a course of transmission until the present time. Leakage of oil from the surface of the lands in Mesopotamia is known since the Biblical times. As Volkan Ediger states, during the 16th-17th centuries oil-rich Mosul, Baghdad, Basra and their circles were under the control of Ottoman Empire. Besides, Ottoman authorities became aware of the oil and its commercial potential in the Empire's Middle Eastern lands[9]. As Arzu Terzi said, Sultan Abdulhamid II got the some of the Middle Eastern areas under his control. Sultan also took the concessions of those lands to his Civil List[10]. Sultan Abdulhamid II also took the areas of Baghdad, Mosul, Aleppo, Basra, Beirut, Jerusalem and Syria to his private property list in the Middle East.

Lawrence Kumins specifies that Iraq's proven oil reserves correspond to 9% of world oil reserves. In that sense, Iraqi sources would have a good chance to reconstruct of Iraq.

According to the reports of Energy Information Administration (EIA), International Energy Agency (IEA) and International Monetary Fund (IMF) Iraq has vast amounts of hydrocarbon resources. In the end, these resources would be used for the benefit of the people in Iraq. However, Rex Zedalis states that the disputes between Iraqi Federal Government and the Kurdistan Regional Government (KRG) are blocking the system to develop the energy infrastructure[11]. In the end, Turkey signed an agreement with the KRG to import Kurdish crude oil. Now, the KRG

[8]Fatma Çanka Kılıç and Durmuş Kaya, "Energy Production, Consumption, Policies, and Recent Developments In Turkey", *Renewable and Sustainable Energy Reviews*, Vol. 11, No 11, 2007, pp. 1312–1320.

[9] Volkan Ediger, *Osmanlı'da Neft ve Petrol,* Ankara, ODTÜ Yayıncılık, 2007, p. 2.

[10] Arzu Terzi, *Bağdat-Musul'da Abülhamid'in Mirası, Petrol ve Arazi*, İstanbul, Timaş Yayınları, 2009, p. 29.

[11] Rex J. Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospects*, Cambridge, Cambridge University Press, 2009, p. 3.

pushes the situation to get advantages after the plebiscite for the independence in KRG.

1.3. Argument

The main argument of this thesis could be stated as follows: Contrary to the claims of some studies in the literature which neglect the interdependence between Turkey's energy cooperation with the countries in Central Asia and in the Middle East, this thesis argues that Turkey's energy security policies require Ankara to pursue a different but balanced energy policy towards the Eurasian and the Middle Eastern countries, as exemplified in Turkey's energy cooperation with Kazakhstan and Iraq as representative cases from the respective regions.

Although energy security policies of the post-Soviet states differ from other regions, in many respects energy security policies of Kazakhstan, a post-Soviet state, resembles the energy security policy of Iraq, a Middle Eastern country. On the other hand, energy security strategy of Turkey, which is both a Middle Eastern and Eurasian country, differs mainly from both countries, because of its high level of integration into the European energy markets and security institutions. Besides, Turkey has to secure its energy imports, by using different policy options with different exporters like Kazakhstan and Iraq.

Geographically, Turkey is located between East and West, that is, energy producers and consumers. Turkey has strong ties with the European Union (EU) in terms of trade, policy, culture etc. The geopolitical space of Turkey provides a great advantage for the country in the field of energy, security and economy. The priority is to satisfy the energy demand of a growing economy. At that point, Kazakh and Iraqi energy security policies are essential for Turkey while mounting energy imports have contributed to a high current account deficit.

In that sense, Turkey has developed different energy relations with Kazakhstan and Iraq. Kazakhstan is a leading energy producer which has strong historical, cultural and economic ties with Turkey. After the disintegration of the Soviet Union, Kazakhstan was eager to increase the foreign investment to the country. In that sense, Kazakh authorities were willing to get the Western technology to their oil and gas sectors to strengthen Kazakhstan's energy security by regulating production.

Iraq is another major hydrocarbon producer in the Middle East. Turkey and Iraq share a border which contains many security problems for Turkey. The national budget of Iraq is composed of almost exclusively oil and gas revenues. After the Second Gulf War, Iraqi oil and gas sector experienced a new wave of foreign investments through oil and gas auctions. However, the tension between the KRG and the Iraqi Government has interrupted the investment process in the country.

It is in this context that Iraqi and Kazakh hydrocarbon resources are attractive options for Turkish energy security. These two countries have both crucial ties with Turkey not only in the economic field but also in the cultural and social spheres. As a result, this thesis demonstrates energy security policies of Iraq, Kazakhstan and Turkey. Although both Kazakhstan and Iraq are hydrocarbon exporters, Turkey applies different energy security policies with these two countries. This thesis also shows that Iraqi resources are a good option for Turkey in the short term, Kazakhstan would be a good player for Turkish energy security in the long term.

1.4. Methodology

This thesis employs the liberal international theoretical framework to explain energy security dynamics in Eurasia and the Middle East. It examines the energy security issue as a significant concern for both import and export side of the game. The examination of resource options for Turkey is conducted through a comparative analysis of two resource rich countries, namely Kazakhstan and Iraq.

This study uses qualitative methods to understand and to explain the Turkish energy security, Kazakh and Iraqi resources. In this context, primary sources like books and articles on energy security and energy security policies are examined. Besides, newspapers and news about Turkey, Iraq and Kazakhstan are studied. To better understand energy policy towards Turkey, information, data, figures and tables derived from the EIA, IEA, IMF have been used to complete the analysis of reports connected to the energy potential of Iraq and Kazakhstan regarding energy security of Turkey.

1.5. Chapters of the Thesis

This thesis consists of six main chapters. After the Introduction chapter, the second chapter examines the concept of energy security from a historical

perspective[12]. In this chapter, various definitions about energy security are examined. The way in which the energy security is understood at a global level is also evaluated. The chapter then discusses the relationship between international relations and energy security.

The third chapter firstly describes energy security of Turkey. This section is about geopolitical position of Turkey regarding Turkish energy policy[13]. Turkey has been facing security of supply threat according to the changing environmental circumstances. After summarizing the energy security challenges in the environment of Turkey, the chapter analyzes energy security and energy policy of Turkey.

The fourth chapter is devoted to the examination of energy relations between Turkey and Kazakhstan as well as the Kazakh energy security. After the disintegration of the Soviet Union, Kazakhstan faced severe economic, political, and social conditions. In the post-Soviet period, Kazakhstan has been securing its independence by using oil and gas resources. Therefore, the chapter evaluates the energy structure in the Soviet period as well as Turkish-Kazakh energy relations in the post-Soviet era.

In the fifth chapter, the thesis examines energy relations between Turkey and Iraq as well as Iraqi energy security. After a historical summary, energy security of Iraq with its legal structure is described. In addition, energy security issue of Iraq after post-2003 is also explained.

In the Conclusion chapter, it is noted that energy security problem for Turkey creates new opportunities for its increasing relations with both Kazakhstan and Iraq, especially for oil and gas imports. In this chapter, the possibilities of these two countries for being a source country for Turkey are also taken into consideration. It is concluded that in the middle term, securing the hydrocarbon resources in the Central Asia are going to be the primary goal for the Western economies.

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[12] Daniel Yergin, "Energy Security and Markets, eds. Jan H.Kalicki, David L.Goldwyn, *Energy&Security Toward A New Foreign Policy Strategy*, Washington, Woodrow Wilson Center Press, 2005, pp. 51-64.

[13] Gareth Winrow, "Turkey's Energy Aspirations, Pipe Dreams or Real Projects", *Turkey Project Policy Paper*, No 4, 2014, pp. 1-20.

CHAPTER 2

ENERGY SECURITY

2.1. Introduction

After the disintegration of the Union of Soviet Socialist Republics (USSR), the USA emerges as a sole superpower, however the new balance system in the international relations has begun to form a new structure. With the end of the Cold War period, most of the actors have new roles in the global system, and they have started to evolve the structure of the international system.

The Russian Federation, China, Brazil, India and some other regional powers emerge as new influential actors. Also, regional and smaller actors have to integrate their international politics to the newly shaping structure of the global system.

In this new global structure, between superpowers and regional powers, energy has taken a vital role in the international system. For the demand part of the game, American invasions of Afghanistan and Iraq have energy-related reasons. Or two growing powers like China and India have to secure energy supplies to continue their economic growth since these two regional powers are dependent on energy resources.

However, when we look at the supply part of the game, the former Central Asian Soviet Republics, as well as the Middle Eastern resources, seem to be the most appropriate way to supply energy for all major international actors. Subsequently, in the post-Cold War period, the Russian Federation continued the Soviet legacy as an important energy supplier for oil and gas, especially for Europe. Therefore, for significant consumers like Europe, partly USA, China, Japan and India, diversification of supplies and energy mix of a country have become a foreign policy objective.

2.2. History of Energy Security

Today, one of the main topics on the agenda is energy security. Once more, the impact of energy on both foreign policy and the global economy is coming forward. In our century, the risk about energy security is not only about geology, but also about geopolitics. Energy security requires continuing commitment and attention[14]. It is not just about evaluating the threats and risks; it is also about the relations among nations and how their energy priorities affect their policies.

Energy security is a relatively new kind of concern that has been a prevalent issue since the rise of the industrial age. The interdependence of energy has been a vital factor for international relations for centuries[15]. As a result of naval competition in the years of the World War I, energy security became the determinative factor in international relations a century ago. In that period, Britain's most senior admirals declared that it was impossible to convert oil from coal to fuel the Royal Navy because oil did not exist in this world in sufficient quantities[16].

The issue became apparent on the eve of World War I, when in 1911 Winston Churchill, as the first lord of the Admiralty of Great Britain, converted the Royal Navy from coal to oil[17]. Oil would make the Royal Navy more flexible than Germany's growing navy so that Britain would get a critical advantage in the Anglo-German Naval Race[18]. Ultimately, the British fleet began to shift from Welsh coal as the source of its propulsion to oil, especially Persian Oil. At the same time, the US Navy was behind the Royal Navy because of using coal instead of oil for its battleships[19]. They had to call on ample domestic supplies. However, the transformation from coal to oil created a new challenge: the problem of oil supply.

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[14] Daniel Yergin, "Energy Security and Markets, eds. Jan H.Kalicki, David L.Goldwyn, *Energy&Security Toward A New Foreign Policy Strategy*, Washington, Woodrow Wilson Center Press, 2005, pp. 51-64

[15] Daniel Yergin, *The Quest: Energy, Security and the Remaking of the Modern World*, London, Penguin Books, 2012, p. 266.

[16] *Ibid*, p. 266.

[17] Yergin, "Energy Security and Markets, pp. 51-64.

[18] Daniel Yergin, *The Quest: Energy, Security and the Remaking of the Modern World*, London, Penguin Books, 2012, p. 267.

[19] *Ibid*, p. 277.

This conversion meant that the Royal Navy would rely not on the coal from Wales, but rather on supplies in unstable lands of Iran at that time. In addressing the risks associated with this historic move, Churchill declared his famous quote "safety and certainty in oil lie in variety and variety alone." In his speech in Parliament in 1913, Churchill told the fundamental touchstone of energy security that "On no quality, on no one process, on no one country, on no one route, on no one field must we be dependent."[20]

Since Churchill's declaration, made over a century ago, energy security has been a vital and persistent problem. It was a critical dimension of World War II too. The turmoil and crises in the Middle East either disrupted or threatened the global oil supply system. After the Cold War and disintegration of the USSR, in the global system, there were lower prices and the world witnessed a more confident decade regarding energy security. However, instabilities and turmoil in the Middle East and North Africa, rising demands and market pressures had confronted the oil system with price spikes. These circumstances created energy security concerns. Besides, energy security problems and concerns are not limited to oil. Natural gas became national or regional fuel. But with the transferring of natural gas with long-distanced pipelines and the growth of liquefied natural gas (LNG), natural gas resources have turned into a global business[21].

In the 1950s and 1960s, global energy demand was directed by North America, Western Europe, the Soviet Union and Northeast Asia[22]. Moreover, the international energy trade, mainly oil and petroleum products, quadrupled for the same period. In this period, global oil supply system was controlled by Western oil majors. However, oil exporting countries formed the Organization of Petroleum Exporting Countries (OPEC) in 1960. In this period, the problem security of supply was not a high policy priority in developed countries[23].

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[20] *Ibid,* p. 267.

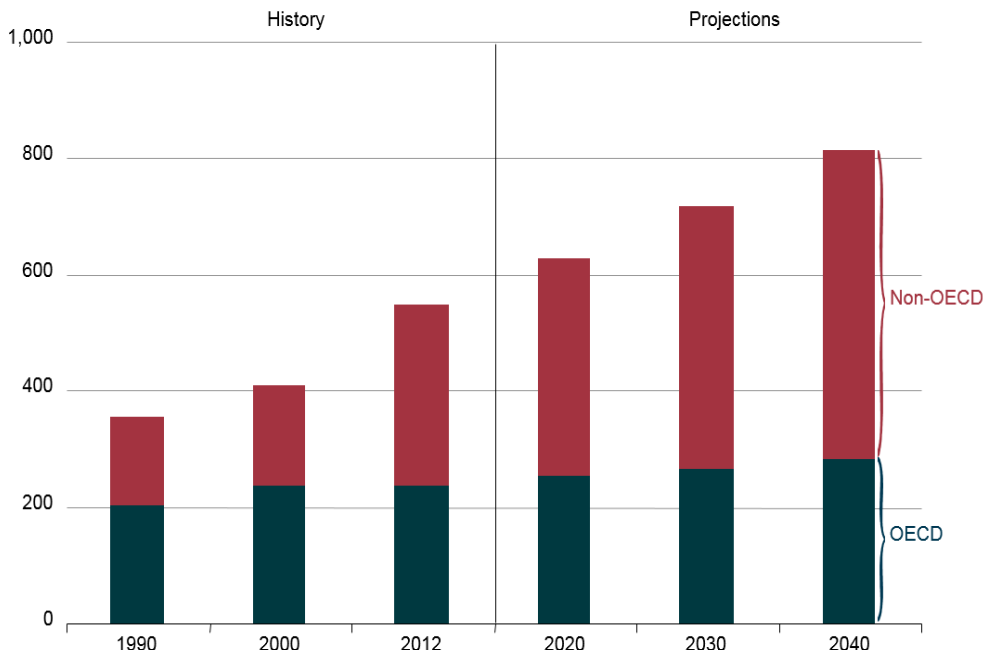
[21] *Ibid,* p. 268.

[22] *International Energy Security, Common Concept for Energy Producing, Consuming and Transit Countries*, Brussels, Energy Charter Secretariat, 2015, p. 6.

[23] *Ibid,* p. 6.

The 1970s was an era of energy scarcity because of two oil crises. The first oil crisis in 1973, oil embargoes by the Organization of Arab Petroleum Countries (OAPEC) which targeted at nations perceived as supporting Israel during the Yom Kippur War between Coalition of Arab states and Israel, shook the oil importing countries. The second oil crisis, caused decreasing oil output in the wake of Iranian Revolution, raised the oil prices nearly three times. Energy demand growth decreased, the inflation rate increased significantly. Oil importing countries started to implement various countermeasures under the name of energy security policy[24]. In this context, International Energy Agency (IEA) was established in 1974 by the Organization of Economic Cooperation and Development (OECD) countries in response to the Arab oil embargo in 1973. As a result of these measures, the IEA was created to measure the storage of oil supplies as a strategic reserve.[25]

Figure 1: World Energy Consumption 1990-2040 (quadrillion Btu)



Source: U.S.Energy Information Administration, International Energy Outlook 2016, p.7.

[24] *Ibid*, p. 6.

[25] Gawdat Baghad, *Energy Security, An Interdisciplinary Approach*, Sussex, John Wiley&Sons Ltd., 2011, p. 26.

According to United Nations, the world energy demand increased from 1,7 Million Tons of Oil Equivalent (Mtoe) in 1950 to 4,2 Mtoe in 1969. In the same period, international energy trade rised from 331 Mtoe to 1.513 Mtoe[27].

However, the disintegration of the USSR resulted in destructive economic and social effects in the former Soviet Republics. At the end of the Cold War, there was a need to overcome economic clashes in energy sector.

Since the oil embargoes, industrialized countries have been trying to diversify their energy imports, mainly crude oil imports, and also have been trying to reduce their relative dependence on energy from one primary source. However, the major oil exporters were still dependent on revenues from oil exports. Hydrocarbon revenues have continued to be the major income source for almost all oil exporters. Hydrocarbon exporters have been worrying about the security of their markets and their demands, and importers have been worrying about the security of their supplies.

2.3. Definitions Of Energy Security

Energy security was at once a local matter and local concern. However, energy policies evolved and finally addressed the importance of energy security. Thus, we have to underline what the energy security is. In general, energy security is considered as a provision of available, affordable, reliable, efficient, environmentally benign, properly governed and socially acceptable energy services[28]. It embraces energy efficiency, innovation, diversification, commerce and public health[29]. The energy security brings the importance of supply, demand and transit security as well. Abdullah Salem El-Badri, former Secretary General of the OPEC, summed up the argument: “Energy security should be reciprocal. It is a two-way street”.[30]

As Aristotle said once that "he who controls the definition, controls the debate". In that case to carry forward the definitions of energy security we need to identify energy security. In his research for Brookings Institution, Jonathan Elkind,

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[27] *Ibid*, p. 7.

[28] Martin J. Pasqualetti and Benjamin K. Sovacool, "The Importance of Scale To Energy Security", *Journal of Integrative Environmental Sciences*, Vol. 9, No 3, 2012, pp. 167-180.

[29] *Ibid*, p. 168.

[30] Gawdat Baghad, *Energy Security, An Interdisciplinary Approach*, Sussex, John Wiley&Sons Ltd., 2011, p. 26.

principal deputy assistant secretary for international affairs at the US Department of Energy, argued that energy security is composed of four elements, availability, affordability, reliability and sustainability.

Availability is attached to the relative independence and diversification of energy fuels and services and minimizing reliance on imported fuels. It contains decreasing inversions in energy businesses. *Affordability* is about energy prices; this term means the ability to buy a relatively stable supply as well as reasonable prices[31]. The element of *reliability* is to secure adequate reserve capacity and to diversify energy chain. Reliability is based on predictable supplies that are less vulnerable to disruption[32]. Finally, *sustainability* is about minimal contribution to every scale of environmental pollution and securing sustainable resources.

According to the United Nations (UN), energy security is "protection against shortages of affordable fuel and energy resources." Besides, according to the European Commission (EC) energy security is an "uninterrupted physical availability of energy products on the market at an affordable price for all consumers."

From the side of World Economic Forum (WEF), the explanation of energy security has four objectives; "*autonomy*, energy supply that is within the control of a country and free from disruption by external agents; *reliability*, or distribution that is safe and meets demands without interruption; *affordability*, or prices commensurable with the buying power of consumers and *sustainability* or sufficient supply of energy to support a high quality of life without damaging the environment"[33].

However, one of the important energy researches centers, IEA defines the energy security as "adequate, affordable and reliable access to energy fuels and services. It includes the availability of resources, decreasing dependence on imports, decreasing pressure on the environment, competition and market efficiency, reliance

[31] Jan H.Kalicki and David L.Goldwyn, *Energy&Security Toward A New Foreign Policy Strategy*, Washington, Woodrow Wilson Center Press, 2005, p. 9.

[32] *Ibid*, p. 9.

[33] *Global Risks 2009: A Global Risk Network Report*, Geneva, World Economic Forum-UNDP, January 2009, p. 20.

on indigenous resources that are environmentally clean, and energy services that are affordable and equitably shared"[34].

Also, to these definitions at the institutional level, academicians define energy security as well. At the academic level, according to Daniel Yergin energy security is "reliable and affordable access to energy supplies, diversification, integration into energy markets, and the provision of information"[35]. According to Daniel Yergin, energy security issue has ten key principles[36]:

1. One of the primary guarantors of the security is diversification of supply. Widening sources of supply is helpful to limit the impact of any particular disruption and provides an opportunity for compensating supplies.

2. Policymakers do not forget that there is only one oil market.

3. Security requires a security margin. Available extra supplies can replace supplies that have been disrupted.

4. The oil market is more flexible than it was in earlier decades. The negative results of the 1970s have been minimized. System swiftly shifts supplies to adjust to changes in the market.

5. Similar efforts need to go into the ongoing dialogue, cooperative energy relations and other importers. So, it is critical building cooperative relations.

6. It is critical to build cooperative relations based on common interests with nations that produce, export and import energy.

7. The increased interdependence requires a productive security framework that involves both producers and importers to prevent threats on the entire supply chain.

8. When markets become tight or disrupted, the public's fear can, through panic buying turn into self-fulfilling prophecies.

9. A healthy technologically-driven energy industry is necessary for energy security.

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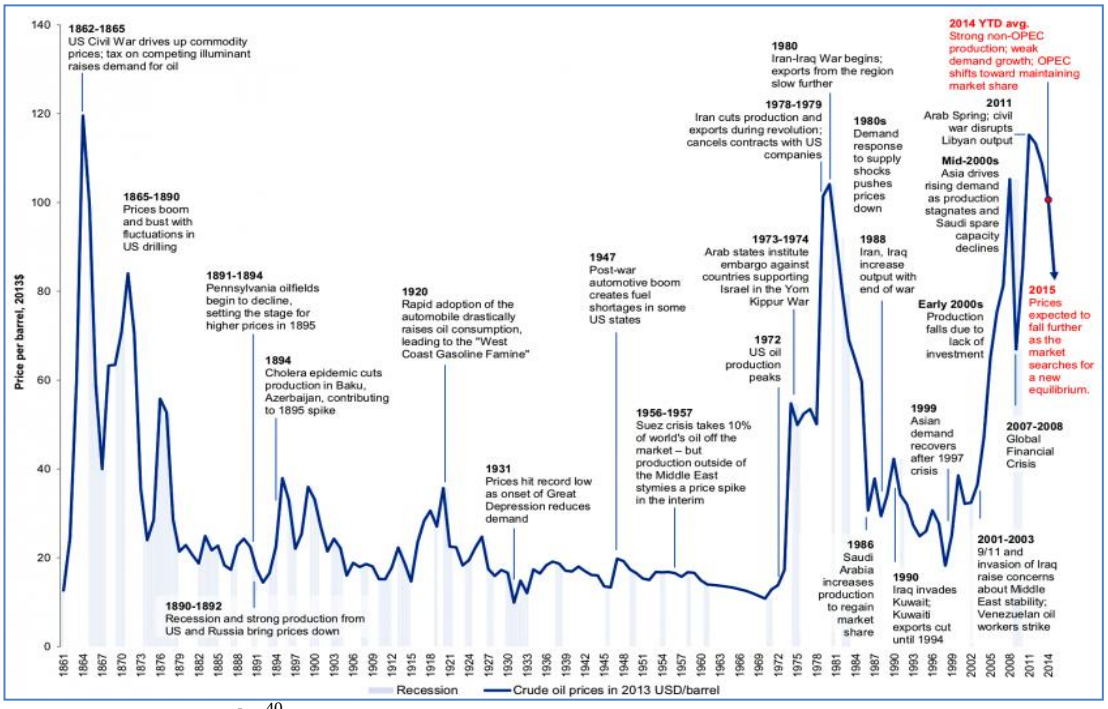
[34] *Energy Technology Perspectives: Scenarios and Strategies to 2050*, Paris, International Energy Agency, 2007.

[35] Daniel Yergin, "Ensuring Energy Security", *Foreign Affairs*, Vol. 85, No 2, 2006, pp. 69-82.

[36] Yergin, "Energy Security and Markets, pp. 51-64.

10. A commitment to research and development and innovation across a broad spectrum is fundamental for energy security.

Figure 2: History of Crude Oil Prices



Source: Business Insider[40]

In other words, energy security is a synthesis of the economic and political geography of energy. We could evaluate energy security on every scale of our lives. For example, we can consider energy security in household level, workplace level, national level or even at the global level. First, for household scale primarily we could consider equity and public health. Developing world energy services is essential for economic development. Also, energy security often has a vital effect on health, hunger and environmental impacts[41]. Second, workplace scale covers heating, cooling, ventilation, etc. Especially for manufacturing daily life objects, the system

[40] Elena Holodny, *Timeline: The Tumultuous 155-Year History of Oil Prices*, December 20, 2016, http://www.businessinsider.com/timeline-155-year-history-of-oil-prices-2016-12 (Accessed 21 October 2017).

[41] John P. Holdren and Kirk R. Smith. "Energy, the environment, and health", eds. Tord Kjellstrom, David Streets, Xiaodong Wang, *World Energy Assessment: Energy And The Challenge Of Sustainability*, New York, United Nations Development Program, 2000, p. 61-110.

needs energy and also needs securing power[42]. Third, at a national scale, industry is strongly linked with economic growth. National defense, national infrastructure and environmental costs are main areas for energy security at the national level. Besides, national defense is an energy intensive activity. For national security, imported energy under energy security issues is especially expensive, it increases the costs of economic security and economic growth. Fourth, at a global scale, energy security is a more complicated issue[43].

Also, the international trade of oil initiates major security concerns. Price negotiations of contracts alter the tension over energy security. We could easily observe this situation over Russian gas relations with Ukraine. Tensions between Russia and Ukraine ended with blackouts which affected Europeans[44]. Oil has begun to be controlled by a few key countries. Also oil is under the control of only a few companies[45]. The major ones are Saudi Arabian Oil Company, National Iranian Oil Company and Qatar Petroleum. These corporations hold more crude oil than the next 40 largest oil companies combined[46]. The largest oil companies that control roughly 80% of the world's oil can be found in nine countries, 80% of the world's natural gas is in 13 countries, most notably in Russia. Also, 85% of world's coal reserve is found in 6 countries (USA, Russia, China, India, Australia and South Africa)[47]. World's known oil sources are existed in mostly volatile countries and regions like the Middle Eastern countries, Russia, Nigeria, and Venezuela[48]. Producers or transporters, suppliers or transit countries or both attempt to use interruptions to renegotiate contracts to decrease or increase the prices. Suppliers, transit countries, natural gas

[42] *Ibid*, p. 62.

[43] *Ibid*, p. 62.

[44] Lutz Kleveman, "*The New Great Game: Blood and Oil In Central Asia"*, New York, The Grove Press, 2003, p. 177.

[45] Martin J. Pasqualetti and Benjamin K. Sovacool, "The Importance of Scale To Energy Security", *Journal of Integrative Environmental Sciences*, 9, No 3, 2012, pp. 167-180.

[46] *Ibid*, p. 173.

[47] Marilyn A. Brown and Benjamin K. Sovacool, "*Climate Change and Global Energy Security: An Overview of Technology and Policy Options"*, London, MIT Press, 2011, p. 6.

[48] Benjamin K. Sovacool, *The Routledge Handbook of Energy Security*, New York, Routledge, 2011, p. 11.

or/and oil companies, companies which operate pipelines and LNG terminals and importers are major players of energy security game.

2.4. Global Energy Security

When we look at history, especially 20th century, we can easily link major events with energy security issues. During World War I, Entente and Central powers both believed to control coal, oil and gas resources was key to victory. Before World War II, Japan invaded Manchuria for raw materials and coal resources and Indonesian Islands for oil, and tensions resulting from these invasions were a contributory factor for Japanese Pearl Harbor attack. Thus, Adolf Hitler planned to secure Romania, then Caucasus and Azerbaijan for oil resources which were vital for his army. The Soviet Union attempted to invade northern Iran to secure oil fields.[49]

In addition, historian Vaclav Smil traced the role of energy and war and documented numerous examples of international conflicts[50]. According to Smil, energy and energy resources were factors in Korean War (Northern part of the Korean peninsula is the coal-riched part), Vietnam War, the Soviet invasion of Afghanistan and the First World War. He also adds international or local conflicts like the ones between India and Pakistan, Eritrea and Ethiopia, and civil wars in Colombia, Uganda, Sri Lanka and Angola, all being energy-related. This kind of link between energy resources and international conflicts directly affects prices of oil, gas and other kinds of energy products.

When we look at world affairs from that point of view, we could see that energy security always has a decisive role. Energy security has shaped bigger trends and practices[51]. Supply disruptions, tightness and increasing difficulty in assessing the energy resources are also developing the energy policies of exporter and importer countries.

But generally in the beginning of the 21st century, a new energy reality and a new energy game have emerged. With the growth of Chinese and Indian economies,

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[49] *Ibid,* p. 13.

[50] *Ibid,* p. 13.

[51] Gal Luft, "Energy Security: What Does it Really Mean?," ed. Phillip E.Cornell, *Energy Security and Security Policy: NATO and the Role of International Security Actors in Achieving Energy Security*, Oberammergau, NATO School Research Department, 2007, pp. 28-36.

the global demand for energy has increased. This demand does not match with the current supply. If this increase continues, the need for energy will also continue to rise because of the relatively limited domestic resources of these two countries. For this reason, Chinese and Indian companies are aggressive to gain the energy resources and to avoid stepping on the American and other Western nations. Due to China's and India's economic growth, today the energy market is very tight, and is strongly affected by terrorist attacks or jihadist movements[52].

Moreover, in our century, energy issue has become a branch of international economics. This problem is complicated because of some factors:

1. The constituent industries have tendencies to be highly technical, requires understanding of the underlying processes and techniques for a good grasp of the economic issues.

2. Each industry of the sector has its specific features which require particular attention.

3. Energy is an important ingredient for any economic activity, its availability or non-availability affect societies and consequently, greater societal concerns and influences affecting the sector emerge.

4. The sector is influenced by interactions at different levels, most of which go beyond the subject of one discipline[53].

Also in today's "world of energy", Iraq is a battlefield for energy and economy, in which terror and jihad are taking place. According to the Institute for the Analysis of Global Security (IAGS), nearly 500 attacks have been made against energy infrastructure of this country in 2014[54]. These attacks are creating an unstable investment atmosphere. Also, same threat exits in Saudi Arabia which is vital for the global oil market. If there is an attack on the one hub or any part of the oil infrastructure, global oil prices would be affected within a few seconds and this would fundamentally shake the global economy. For this reason, the major energy

[52] *Ibid*, p. 29.

[53] Subhes C. Bhattacharyya, *Energy Economics, Concepts, Issues, Markets and Governance*, New York, Springer-Verlag London Limited, 2011, p. 4.

[54] Luft, "Energy Security: What Does it Really Mean?," pp. 28-36.

companies are now a little reluctant to invest in the Middle East. Exxon Mobil for example, the largest private oil company in the world, has only 5% of their investment in the Middle East[55]. As a result, energy markets are rapidly growing, therewithal energy security is still a major concern for policymakers and analysts[56].

2.5. Conclusion

Now, in our century two major processes will influence the energy world[57]. On the one hand, that is a rising competition in international energy markets between energy-related companies, which are supported by governments. On the other hand, that is an intensification of interstate cooperation and regulation of the world energy, which leads to developing of energy policy centers at global and regional level[58]. For this reason in the international system, energy policies of states have started to become influential in international activities as well as the energy security interests of states and external economic interests of national energy companies[59]. However, energy and energy security change from country to country. For the USA, energy security means oil, cars, shale gas and the Middle East. For Europe, energy security means natural gas and Russia. For the Russian Federation, energy security means stable demand for gas from Europe, Turkey and the Far East as well as transit security.

However, for Turkey, energy security means sustainable supply at reasonable prices. Turkey imports 91% of its oil and 99% of its gas in 2015[60]. For Turkey, together with the Russian Federation and Central Asian Region, the Middle East, especially Iraq, is one of the possible energy sources.

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[55] *Ibid*, p. 29.

[56] Gawdat Baghad, *Energy Security, An Interdisciplinary Approach*, Sussex, John Wiley&Sons Ltd., 2011, p. 26.

[57] Stanislav Zhiznin, *Energy Diplomacy, Russia and The World*, Moscow, East Brook, 2007, p.75.

[58] *Ibid*, p. 75.

[59] *Ibid*, p. 75.

[60] U.S.Energy Information Administration (EIA), Country Analysis Brief: Turkey, February 2, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Turkey/turkey.pdf, (Accessed November 30, 2017), p. 3.

In this context, the next chapter aims to look at Turkish energy security and its political dimensions.

CHAPTER 3

ENERGY SECURITY OF TURKEY

3.1. Introduction:

This chapter is designed to evaluate Turkey's energy security matter, considering its high imports. Today Turkey is among the biggest 20 economies in the world. However, developing the industry of Turkey depends on hydrocarbon resources. Besides, importing of energy resources puts pressure on Turkey's economy. This chapter also evaluates the impacts of imports and their reflection on the country's economy.

Middle Eastern resources are important options for Turkey's energy imports and energy security. Therefore, this chapter also contains the energy security profile around Turkey, especially in the Middle East.

The primary energy consumption of the world increases in parallel with the population growth. IEA projections indicate that the world population will reach 9 billion people in 2040. According to the predictions, the world demand for primary energy will increase till 2040. Fossil fuels are going to be the dominant resource.

Increasing energy demand will come mainly from developing countries. Parallel to the global demand, the annual increase in the consumption growth rate reached the average of 5,59% in the last 11 years[61]. Turkey's energy consumption is expected to rise too. Between 2004 and 2014, electricity consumption increased from 150 billion kWh to 255,5 billion kWh in Turkey[62].

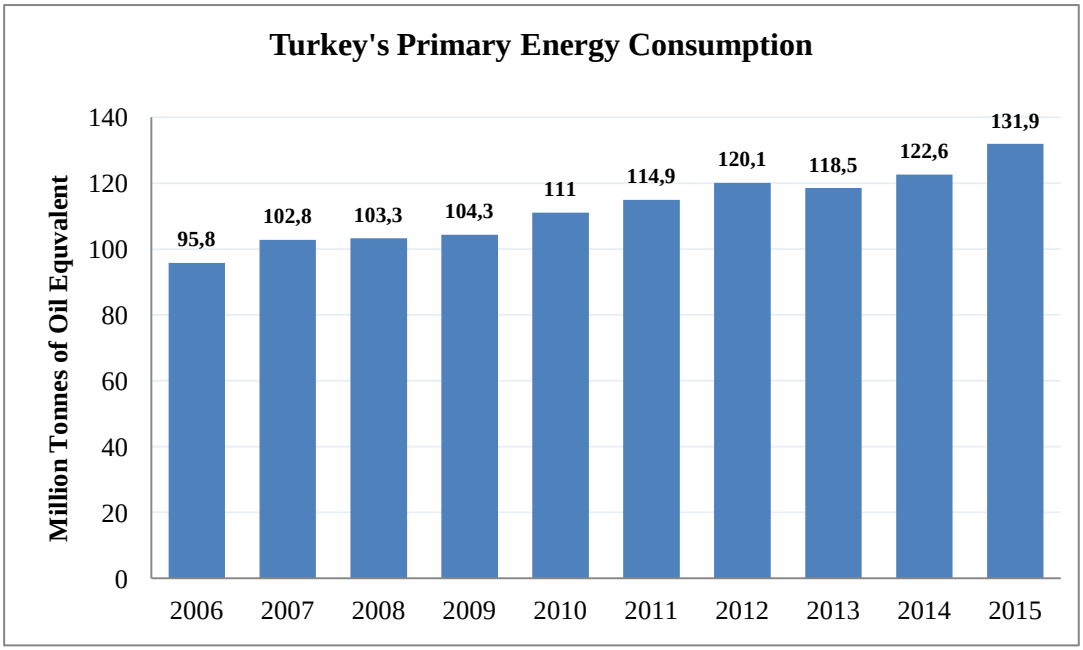
Growing need for more energy is a hard challenge for Turkey. To continue its growth and development, Turkey has to sustain its need especially for increasing electricity and natural gas demand. In this context, the main aim of Turkish Energy

[61] M. Suat Delibalta, "Recent Energy Policies and Strategic Developments In Turkey", *Energy Sources, Part B: Economics, Planning, and Policy*, Vol. 11, No 2, 2016, pp. 191-197.

[62] *Ibid*, p. 194.

Policy is to get the safe and sufficient amount of energy for consumption of the country and economic growth. The significant components of the energy policy of Turkey are to increase variety in energy security, to maintain reforms for the industry, to keep investments in the energy sector and to play an active role in the transportation of hydrocarbons as a corridor and terminal[63].

Figure 3: Turkey's Primary Energy Consumption 2006-2015



Source: BP Statistical Review of World Energy 2017 p.8.

Turkey wants to benefit from the growth of energy sector and aspires to consolidate its regional position. However, Turkey's activities in the field of energy need realizable plans. Public policies are far from meeting the targets. Turkish officials also look for opportunities to make the country an important energy transit location and a significant energy hub. The priority is to fulfill the energy demand of the economy.

3.2. Energy Security Profile Around Turkey

For energy markets, the Middle East has been a source of demand for decades. The vast hydrocarbon resources of Saudi Arabia, Qatar, Iraq, Iran and other

[63] *Ibid*, p. 196.

countries have been necessary for Western and Far Eastern economies. Because of its production volumes and spare capacity, Saudi Arabia remains important to oil markets. It is one of the world's two largest crude oil producers (along with Russia) and the largest oil exporter. Beyond oil, Qatar is the world's largest exporter of LNG, but natural gas is underutilized in most regional states[64].

The region named as the Middle East, however, has been known as the Arabian Gulf or the Persian Gulf in international relations discipline. The Middle East is a neighbor with Turkey in the north, contains Iran-Oman in the West, Yemen in the south and Egypt in the East. We can also call this region as South East Asia. Bahrain, Qatar, Oman, Iran, Iraq, Kuwait, Saudi Arabia and the United Arab Emirates which are located in the Middle East, enjoy several advantages as hydrocarbon-rich countries[65].

For global energy security, the Middle East is vital region. The general problem in terms of energy security in the Middle East is rising demand for energy along with reliance on the region to meet that demand, especially for South Eastern markets. Supplies of this vital commodity have been controlled by several states in the Middle East. However, stability is a major problem in the region. The changes in the stability of the region ended with dramatic consequences for the world economy.

Global energy demand had expanded rapidly from 5.000 Mtoe in 1971 to 11.700 Mtoe in 2010[66]. It is expected that world's total consumption of marketed energy rises from 549 quadrillion British thermal units (Btu) in 2012 to 629 quadrillion Btu in 2020 and to 815 quadrillion Btu in 2040—a 48% increase from 2012 to 2040[67].

The Asian Region has risen its energy demand remarkably in recent years. The region increased its share in global energy consumption, accounting for 70% of

[64] *Statistical* Review Of World Energy, London, British Petroleum (BP), June 2015, p. 6.

[65] Gawdat Baghad, *Energy Security, An Interdisciplinary Approach*, Sussex, John Wiley&Sons Ltd., 2011, p. 79.

[66] Yuhji Matsuo et al., "A Global Energy Outlook To 2035 With Strategic Considerations For Asia And Middle East energy supply and demand interdependencies", *Energy Strategy Review*, Vol. 2, 2013, pp. 79-91.

[67] *Ibid*, p. 79.

the growth since 2000. As a result, the need for the Middle Eastern resources has been rising both for its domestic uses and exports. However, demand growth is crucial because it can undermine the export capacity of the region. For example, the general consumption of its domestic oil production rose from 4% in 1971 to 24% in 2010[68].

Global energy projections have been performed by many organizations such as IEA, EIA, OPEC, etc.[69]. There are similarities and differences between these organizations. But they all agree with the view that Asia's fuel demand will grow and this requires a steady growth in production. To sum up, different reports or studies have diverse assumption or have based on different backgrounds, but they broadly share the same vision. Demand for fossil fuels especially oil and natural gas will continue to rise in the future, especially in non-OECD countries in Asia. Herein, -the Middle East will have a major role to increase production to meet growing demand[70].

Bahrain, Kuwait, Oman, Qatar, Iran, Iraq, Saudi Arabia and the United Arab Emirates hold the world's largest proven oil and gas reserves. For 2014, their combined share of the world's oil reserves is 47,7%,, Besides their production share is 31,7% and consumption share is 9.3%. For national gas, their total share of world's reserve 42,7%, production share is 17,3%, consumption share is 13,7% respectively.[71] These high ratios of production and low rates of consumption show us that the region is substantial oil production location and it is exporting to the rest of the world.

Moreover in the Middle East, the cost of production is one of the lowest in the world[72]. Unlike the Russian Federation, the North Sea, the Caspian Basin and the Gulf of Mexico, either onshore or in swallow offshore, the region has a cost advantage for producing oil. Also, energy infrastructure is well developed and

[68] *Ibid,* p. 79.

[69] *Ibid,* p. 79.

[70] *Ibid,* p. 80.

[71] *Statistical Review Of World Energy*, London, British Petroleum (BP), June 2015, p. 6.

[72] Gawdat Baghad, *Energy Security, An Interdisciplinary Approach*, Sussex, John Wiley&Sons Ltd., 2011, p. 79.

linked. With the help of Saudi Arabia, the Middle East region also holds the spare capacity advantage for global oil production.

According to IEA, the oil and gas reserves of the Middle East region will be vital for world's growing energy appetite, especially for Asian countries. The projections show that import two out of every three barrels of crude oil traded internationally by 2040[73]. Vast amount of energy resources in the region are sufficient to meet the rising demand for the next 25 years.

The clear fact is that the world's total annual consumption - coal, oil, gas, nuclear and renewables- has risen from 104 billion barrels of oil equivalent in 1970 to 192 billion barrels of oil equivalent in 2000, and with a possible increase of 338 billion barrels by 2030[74].

Besides, Russian gas monopoly has some problems with the neighbors of the country like Ukraine, Belarus and Georgia. Middle Eastern countries especially Qatar, has been supplying a significant amount of gas to the market, that means the other countries can be less dependent on such alternative suppliers as the Russian Federation. In the case of oil, exporters in the Arabian Gulf, mainly Saudi Arabia, have provided uninterrupted exports for the past 25 years. Undoubtedly, the increase in oil prices have been beneficial for them. OPEC has moved recently to avoid price declines through agreed production cuts of 1.7 million barrels per day. Saudi Arabia has opposed moves of Venezuela and Iran to cut back oil production to increase the prices sharply[75]. In this context, Saudi Arabia is planning to expand its output to 14-15 billion barrels per day in the long term. At this point, Russian oil production and exports are almost enough to challenge Saudi dominance. That will make an impact on the energy security of the region.

China is another important actor to access more stable oil markets. For Chinese economy, oil and gas imports are vital to continue its economic

[73] *World Energy Outlook (Executive Summary),* Paris, International Energy Agency (IEA), November 2014, p. 2.

[74] Jan H Kalicki, "Rx For "Oil Addiction": The Middle East and Energy Security", *Middle East Policy*, Vol. 14, No 4, 2007, pp. 76-83.

[75] *Ibid,* p. 77.

development[76]. In addition to China, Iran is also a critical actor, which supplies 4% of Europe's oil and 10% of Japan's. However, the lack of new investments and maintenance to oil and gas sector, and growing domestic demand threatens the production and exports of Iran. But the developing relations with the West will have positive impacts on Iranian oil and gas sector.

Second to Saudi Arabia in conventional oil reserves, another critical actor, Iraq has been facing a civil war process. On the one hand, Iraq has been willing to rise its oil production but on the other hand, political instability and civil war make that target difficult to achieve. Major energy companies in the world are eager to take a position along with Iraq's oil auctions to make that more positive future possible. In turn, increasing exports of Iraq. from today's 2 million barrels per day to 3 million that can be achieved after the conflict in the Middle East — to the 3,5 million or more production after comprehensive well workovers and further exploration and production — will make a considerable contribution to world energy supplies[77].

Oil might be a political weapon for producers to threaten one or more consumers. For Middle Eastern countries, use of oil and gas against the Western power which was supporting Israel was considered[78]. Finally, in December 1973, OPEC decided to increase the official posted the price of benchmark crude – Arabian light oil – to11.65 USD per barrel, which meant a major increase in less than four months; even more shocking, oil prices had skyrocketed by almost a factor of 10 since 1970[79].

3.3. Energy Security, Geopolitics and Energy Policy of Turkey

3.3.1. Energy Geopolitics of Turkey

The geopolitical space of Turkey provides a significant advantage for the country, regarding security, economy and energy. Turkey is geopolitically located

[76] *Ibid,* p. 78.

[77] *Ibid,* p. 78.

[78] Gawdat Baghad, *Energy Security, An Interdisciplinary Approach*, Sussex, John Wiley&Sons Ltd., 2011, p. 81.

[79] *Ibid,* p. 81.

between East and West. Since the end of the 1940's, Turkey has been pursuing an alliance policy with the United States. During the Cold War, Turkey was a major ally of the USA for its "Containment Policy" against the USSR towards the Middle East and the Mediterranean. Turkey benefited from this relationship by receiving US economic and military aid.

After the disintegration of the USSR, US-Turkey alliance was affected due to the change in the directions of threats and security challenges for both countries. However, the diminishing of the bipolar world has diminished Turkey's dependency on the United States for its security. That might also explain the 2003 crisis when Turkey's relations with Washington were strained due to the failure of the 1st March Memorandum in the Turkish Grand National Assembly. The assembly rejected the US request for passage of the US troops from Turkish territory to the northern part of Iraq where the main threats and challenges for Turkey were coming[80].

Early in the Cold War period, the main factor behind Turkey's decision to join NATO in 1952 was Stalin's aggressive policy towards Turkey[81]. This decision made Turkey an enemy of the Soviet Union, which has prevented Turkish policymakers from pursuing an inclusive position towards the Caucasus and Central Asia. Considering that, Turkey could develop a geopolitical concept for Eurasia only after the dissolution of the Soviet Union[82]. However, the relationship between the Russian Federation and Turkey has improved noticeably, especially in the field of economy Russia is Turkey's major supplier of natural gas, it has exported 56% of Turkey's natural gas and 3% of its crude oil[83] in 2014.

Moreover, Turkey wants to be a trading hub; however, to achieve this, it needs to create a reliable energy policy in which both countries benefit. Turkey arranges its policies to be an energy hub. Being a hub brings opportunities for financial trading, price setting, trading, maintaining storage and pipelines. For some

[80] Stephen F. Larrabee, Turkey's New Geopolitics, *Survival*, Vol. 52, No 2, 2010, pp. 157-180.

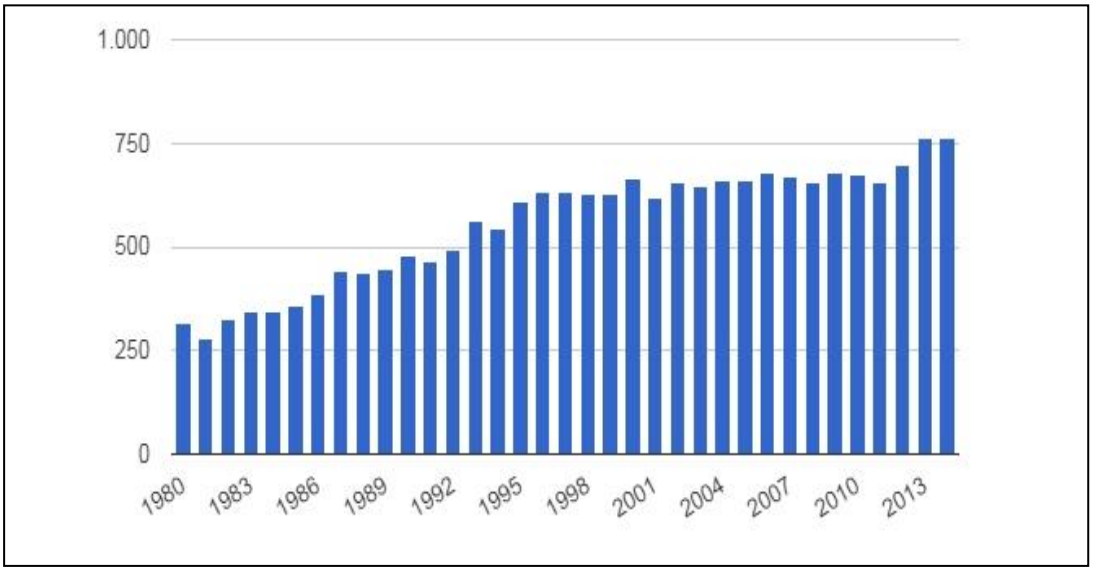
[81] *Ibid*, p. 160.

[82] Emre Erşen, "The Evolution of 'Eurasia' As A Geopolitical Concept in Post –Cold War Turkey, Geopolitics", Vol. 18, No 1, 2016, pp. 24-44.

[83] *2015 Yılı Hampetrol ve Doğalgaz Sektör Raporu,* Türkiye Petrolleri A.O. (TPAO), 2016, p. 38.

analysts, if Turkish gas market evolved into an open market, then Turkey would become a real hub[84].

Figure 4: Turkey's Oil Consumption Between 1980-2014



Source: TheGlobalEconomy.com[86]

For Turkey, energy has an enormous impact on money that flows in the country. Turkey has big current account deficit. Energy imports in 2015 were approximately 37 billion USD[87], in 2016 27,5 billion USD, in 2017 29,5 billion USD was projected, indicating that Turkey is still a vulnerable country for an outflow of investment capital from abroad. However, in the long run, this fundamental imbalance will need a solution. In that sense, renewable energy will constitute the big part of the solution.

In 2013, Turkey had a current account deficit that was nearly 8% of GDP, in 2015 the deficit was almost 3,75%. With the help of decreasing oil prices, the current

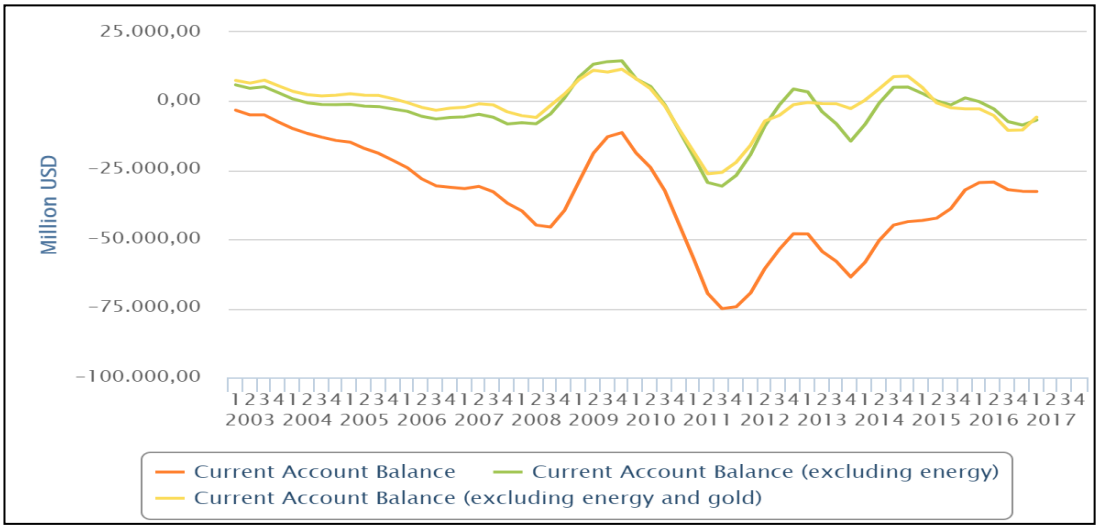
[84] John Roberts, "Turkey As A Regional Energy Hub", *Insight Turkey*, Vol. 12, No 2, 2010, pp. 49-64.

[86]Theglobaleconomy.com, "Turkey: Oil Consumption", http://www.theglobaleconomy.com/Turkey/oil_consumption/ (Accessed on October 21, 2017).

[87] Mustafa Sönmez, "Global Energy Plunge Not Produces Low Prices in Turkey", February 8, 2016, http://www.hurriyetdailynews.com/global-energy-plunge-not-producing-lower-prices-in-turkey.aspx?pageID=238&nID=94857&NewsCatID=348 (Accessed on October 30, 2017).

account deficit is nearly the same as 3,81% at the end of 2016[88]. The critical point is that energy imports represent the majority of the current account deficit.

Figure 5: Current Account Deficit of Turkey 2003-2017



Source: Central Bank of Turkey[89]

The analysis of the U.S. Federal Reserve follows an October 2013 study done by the IMF which concludes that Turkey is the "most vulnerable" country in a group of leading emerging economies to which Turkey is commonly compared[90]. Especially the waving trend in foreign exchange prices makes Turkey the most fragile economy among the developing countries in the world. Also, Turkish companies' exchange liabilities had grown from 65 billion USD in 2008 to over 170 billion USD by October 2013[91]. Combined, the public and private sector have 168

[88]Central Bank of Turkey, Current Account Balance, http://www.tcmb.gov.tr/wps/wcm/connect/TCMB+EN/TCMB+EN/Main+Menu/MONETARY+POLICY/Interactive+Charts/Current+Account+Balance (Accessed on October 21, 2017).

[89]Central Bank of Turkey, Current Account Balance, http://www.tcmb.gov.tr/wps/wcm/connect/TCMB+EN/TCMB+EN/Main+Menu/MONETARY+POLICY/Interactive+Charts/Current+Account+Balance (Accessed on October 21, 2017).

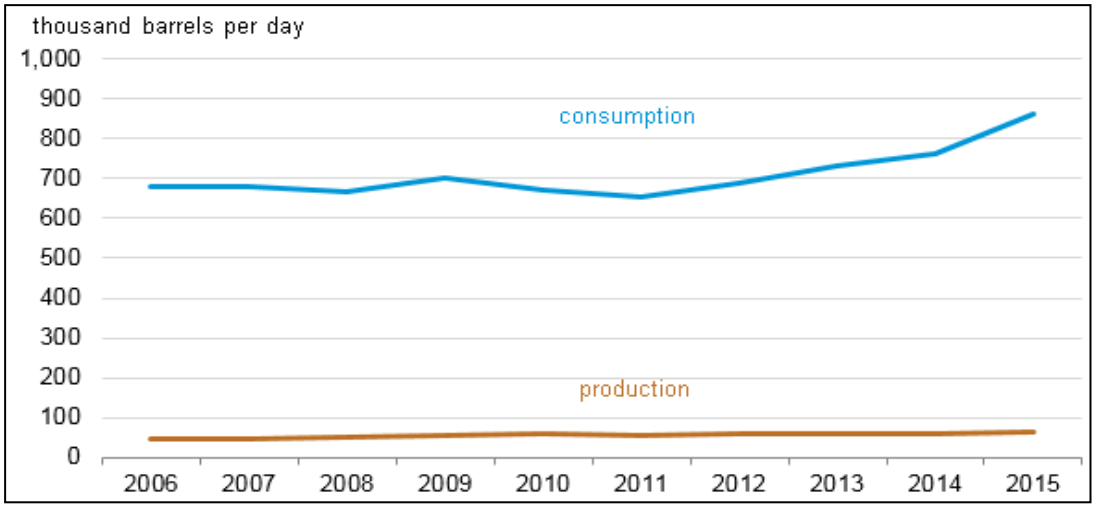
[90] Country *Report 17/32, Turkey 2017 Article IV Consultation—Press Release; Staff Report; And Statement By The Executive Director For Turkey*, Washington, International Monetary Fund (IMF), January 2001, p. 26.

[91] Daniel Dombey, "Turkey posts larger-than-expected deficit of $65bn", August 8, 2014, http://www.ft.com/intl/cms/s/0/bf0fd17c-94c8-11e3-af71-00144feab7de.html#axzz3BVQJr8a9 (Accessed on October 30, 2017).

billion USD in foreign exchange debt due before January 2015. 168 billion USD is nearly a quarter of Turkish GDP (820 billion USD nominal for 2013), and vastly larger than the Turkish Central Bank's 35 billion USD in foreign reserves[92].

Geographically, Turkey is located between many energy producers. The supplies from these countries are important because secure supplies could potentially bring stability to Turkey's economy, but this will heavily depend on the position stuck by the United States. In that sense, the importance of hydrocarbon resources of the Middle East has been growing for Turkey and Turkish economy. Understanding the importance of the Middle East, especially Iran and Iraq, we have to look at the consumption.

Figure 6: Turkey Petroleum and Other Liquids Consumption and Production



Source: U.S.Energy Information Administration, Country Analysis Brief: Turkey, p.3.

Turkey consumed 765.000 barrels of crude oil in 2014, with more than 90% of oil consumption and a significant amount of petroleum products coming from imports[93]. That growing demand needs to maintain and expand the energy security of Turkey. Turkey produces a limited amount of its oil and gas. However, the

[92] Country *Report 17/32, Turkey 2017 Article IV Consultation—Press Release; Staff Report; And Statement By The Executive Director For Turkey*, Washington, International Monetary Fund (IMF), January 2001, p. 26.

[93] U.S.Energy Information Administration (EIA), Country Analysis Brief: Turkey, February 2, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Turkey/turkey.pdf, (Accessed November 30, 2017), p. 6.

government is still optimistic about finding domestic oil resources. The most likely domestic reserves probably reside in the Southeastern and Eastern part of Turkey that includes PKK (*Partiya Karkerên Kurdistanê,* the Kurdistan Workers Party) terrorism and political concerns.

Turkey is also a major importer of oil products. According to the IEA, Turkey's refinery production is insufficient to meet domestic demands. Turkey has six refineries with a total refining capacity of 663,000 b/d, according to Oil and Gas Journal (OGJ)[94]. TÜPRAŞ is Turkey's dominant refining company and operates four refineries accounting for 85% of country's total refining capacity. Nationally, Turkey held roughly 61 million barrels of oil stocks in January 2013. In 2012, natural gas amounted to nearly 32% of Turkey's primary energy supply (TPES).

Natural gas is an even more vital energy source for Turkey. Today, Turkey is increasingly dependent on natural gas imports for its domestic consumption. Turkey consumed 1,7 Tcf natural gas (nearly 48 billion cubic meters-BCM) in 2015[95]. Turkey uses natural gas mainly in the electric power sector. Remaining consumption is split between the building sector and the industrial sector. Besides, in 2015 Turkey imported nearly 99% of its natural gas supply, mainly from Russia[96].

As a result, Turkey has to import energy resources to keep up its economic growth and development. At this stage, Central Asian and Middle Eastern resources would be an alternative in terms of oil and gas. Now we are facing the era that the world map is being designed again[97]. The reason behind this change is centered on the Caspian Basin and the Middle East due to the following reasons:

a. The demand for energy linked with the increasing global population,

b. After 9/11 and the emergence and rise of Islamic State of Iraq and Syria (ISIS), the security concerns in the Middle East are increasing,

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[94] *Ibid,* p. 6.

[95] *Ibid,* p. 6.

[96] *Ibid,* p. 7.

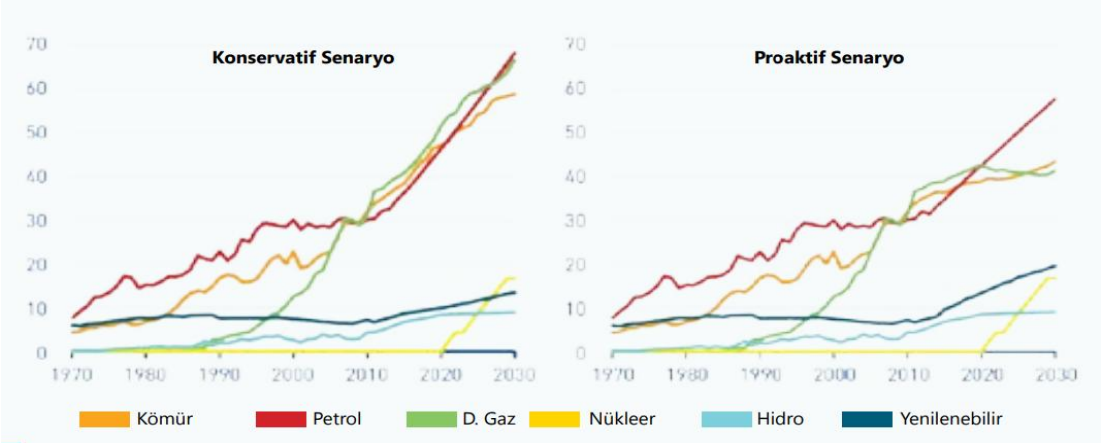
[97] Oguz İlhan Akdemir, "Global Energy, Turkey's Geographical Location and Petropolitics", *Procedia Social and Behavioral Sciences,* Vol. 19, 2011, pp. 71-80.

c. The asymmetric war with the radical Islamist movement and the West (North Atlantic Treaty Organization (NATO)- USA) is one of the major points of the global security.[98]

3.3.2. Turkey's Energy Policy

Turkey is between several precarious, strategic areas, and economically important regions, including the Middle East, the Central Asia and Caucasus. Also, Turkey is among the top 20 biggest economies in the world and population is still growing. With this growth, the energy demand of the country is increasing rapidly. In general, the total energy demand of Turkey is rising 3%-8% annually, one of the highest rates in the world[99]. Natural gas demand of the Turkish Pipeline Corporation's (BOTAŞ) shows that Turkey's gas consumption will approximately reach to 62,5 BCM in 2020. For oil, the situation is similar; oil needs are also critical. Turkey will need to import 29,5-38,8 million tons of oil by 2015 and 2020.

Figure 7: Turkey's Primary Energy Demand Between 1970-2030



Source: BOTAŞ, Sector Report 2016, p.13.

After the economic transformation in Turkey in the 1980s, Turkey adopted more liberal policies that increased the energy consumption of the country.

[98] *Ibid*, p. 71.

[99]Fatma Çanka Kılıç and Durmuş Kaya, "Energy Production, Consumption, Policies, and Recent Developments In Turkey", *Renewable and Sustainable Energy Reviews*, Vol. 11, No 11, 2007, pp. 1312–1320.

Beyond being a net hydrocarbon importer and a main energy market for producers, Turkey's policy shows a readiness to develop a major transit system for gas as well as oil. By the help of this policy, Turkey will not only change the coal as a major input which is used mainly for power generation but will also enable hydrocarbon resources to access European markets by pipeline routes from the Middle East, the Caspian Region and the Central Asia.

Hydrocarbon resources mostly meet Turkey's total primary consumption. Oil, natural gas and coal meet between 85-90% of its total energy consumption. However, oil consumption has the lion's share of Turkey's energy consumption. Oil sector in Turkey provides nearly 40% of Turkey's energy requirements. In Turkey's energy mix, the role of natural gas is growing and the share of oil and oil products are decreasing. In 2014, Turkey's consumption was 19,8 million tons of oil and 48,7 BCM natural gas[100]. Natural gas demand of Turkey rose from 0,7 BCM in 1987 to 52 Bcm in 2015. However, Turkey imports 41 BCM in 2015 and 38 BCM in 2016[101].

Electricity transformation sector is the champion for consuming the natural gas. Gas has been using primarily in electricity generation sector with a ratio of 48%. According to the features from the IEA in 2015, Turkey's total electricity consumption was 217.312 GWh. Mainly, electricity was produced by hydrocarbons: coal-89,9 GWh, oil 2,3 GWh, gas 102,2 GWh, hydroelectricity 59,4 GWh. Besides, hydroelectric potential of Turkey is 1% of the world and 16% of Europe[102].

In this context Russia is the primary importer for Turkey, providing 55-56% of Turkish gas imports in 2015[103]. Iran is the second largest gas supplier of Turkey

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[100] *Dünya ve Ülkemiz Enerji ve Tabii Kaynaklar Görünümü,* Ankara, Enerji ve Tabii Kaynaklar Bakanlığı (ETKB), April 2015, p.45.

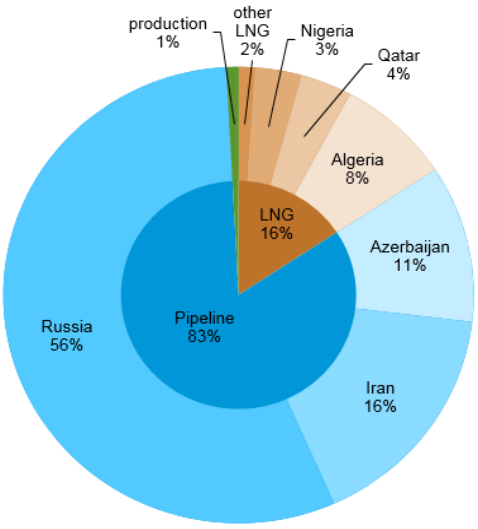
[101] *Botaş Sektör Raporu 2016*, Ankara, Boru Hatları ile Taşıma A.Ş.(BOTAŞ), 2016, p. 24.

[102] International Energy Agency (IEA), Turkey: Indicators for 2015, September 2017, http://www.iea.org/statistics/statisticssearch/report/?product=Indicators&country=TURKEY (Accessed on September 21, 2017).

[103] U.S. Energy Information Administration (EIA), International Energy Statistics-Turkey 2015, October 2017, https://www.eia.gov/beta/international/data/browser/#/?c=0000000000000000000000000000000000000000000g&ct=0&vs=INTL.44-1-TUR-QBTU.A&vo=0&v=H&end=2015&showdm=y, (Accessed November 30, 2017).

supplying about 16% of total imports[104]. In addition, Turkey is Russia's second largest export market in terms of natural gas after Germany. As a result of being a net importer, gas consumption structure of Turkey is also highly vulnerable to supply disruptions[105].

Figure 8: Turkey's Natural Gas Supply Mix, 2015



Source: U.S. Energy Information Administration, Country Analysis Brief: Turkey, p.10.

Turkey has links with four international gas pipelines in operation with a total import capacity of 46,6 BCM. At present, Turkey has long-term natural gas supply agreements to secure the supply of natural gas for domestic consumption. Hereunder, Turkey has 20 BCM/year gas supply agreement under Blue Stream and West Line Agreements with the Russian Federation, 9,6 BCM/year supply agreement with Iran, 12,75 BCM/year supply agreement (3 contracts) with Azerbaijan through pipelines; 4,4 BCM/year LNG agreement with Algeria and 1,3 BCM/year agreement with

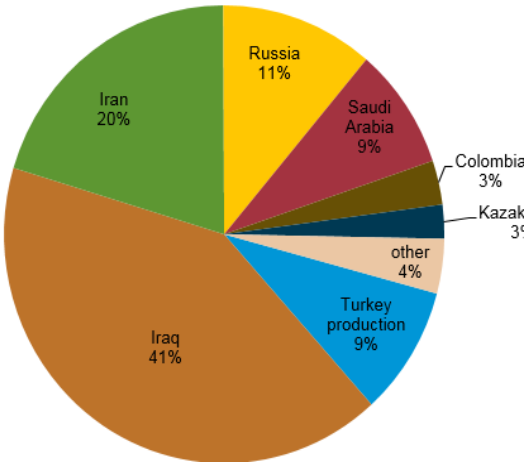
[104] Gareth Winrow, "Turkey's Energy Aspirations, Pipe Dreams or Real Projects", *Turkey Project Policy Paper*, No 4, 2014, pp.1-20.

[105]U.S.Energy Information Administration (EIA), Country Analysis Brief: Turkey, February 2, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Turkey/turkey.pdf, (Accessed November 30, 2017), p. 6.

Nigeria. Besides, Turkey has an agreement with Azerbaijan to supply 6 BCM/year after the finalization of TANAP construction in 2018[107].

Iraq and Iran both are the major crude oil suppliers for Turkey. Ultimately, today Iraq is the largest oil supplier to Turkey, supplying 41% of Turkey's total crude oil in 2015[108]. Iran is also providing the 20% of crude oil. Development of the northern Iraqi oil reserves would significantly increase this amount. However, a year ago, Iraq provided 27% and Iran provided 26% of crude oil to the Turkish market in 2014. For the year 2014, the Russian Federation provided 8% and Saudi Arabia provided 10% of crude oil. For the year 2015, the Russian Federation was the third oil supplier, providing 11% of Turkish oil imports[109].

Figure 9: Turkey's Crude Oil Supply Mix, 2015



Source: U.S.Energy Information Administration, Country Analysis Brief: Turkey, p.10.

The oil price fluctuations, especially price rise, benefited oil exporters between 2008 and 2011. However, these fluctuations would negatively affect Turkey[111]. Rapid and quick increases would have a significant burden on both Turkish consumers and industry.

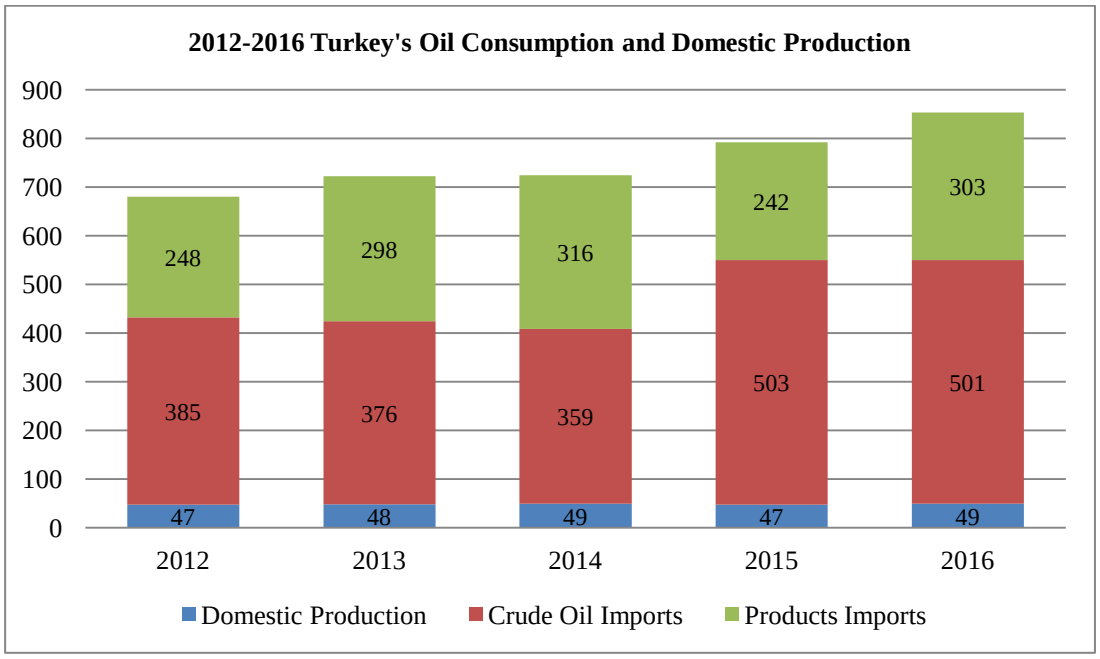
[107] *Botaş Sektör Raporu 2016*, Ankara, Boru Hatları ile Taşıma A.Ş.(BOTAŞ), 2016, p. 23.

[108] *Ibid*, p. 23.

[109] *2015 Yılı Hampetrol ve Doğalgaz Sektör Raporu,* Türkiye Petrolleri A.O. (TPAO), 2016, p. 28.

[111] *World Energy Outlook 2013*, Paris, International Energy Agency (IEA), Nowember 2013, p. 46.

Figure 10: 2012-2016 Turkey's Oil Consumption and Domestic Production



Source: TPAO, Crude Oil and Natural Gas Sector Report 2016, p.32.

In 2015, Turkey's primary energy demand was 129,2 Mtoe. 19% of this demand was primarily used in transportation sectors. In 2016, Turkey produced 49.000 bopd domestically, imported 501.000 bopd. Besides, Turkey also imported 303.000 bopd refined products[113].

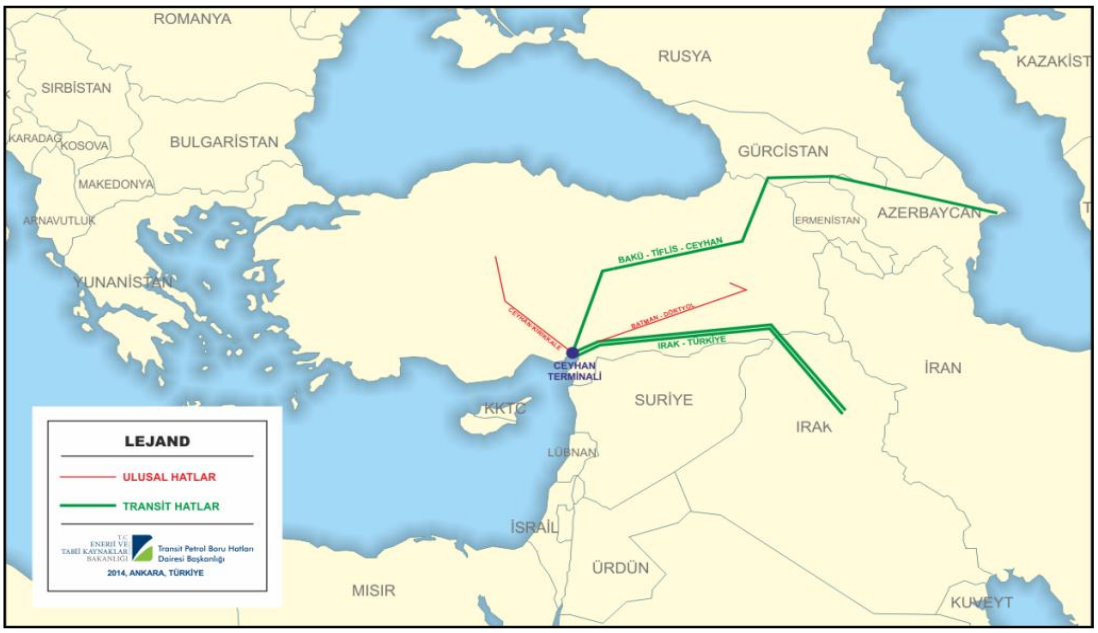
Turkey has international pipelines to import and export oil and gas. Turkey imports crude oil via Iraq-Turkey Pipeline (ITP) and Baku-Tbilisi-Ceyhan Pipeline (BTC)[114]. Besides, Turkey imports natural gas through Blue Stream Gas Pipeline, Russia-Turkey Natural Gas Pipeline (West Line), Eastern Anatolian Natural Gas Main Transmission Pipeline (Iran - Turkey) and Baku – Tbilisi – Erzurum Natural Gas Pipeline[115].

[113] *2015 Yılı Hampetrol ve Doğalgaz Sektör Raporu,* Türkiye Petrolleri A.O. (TPAO), 2016, p. 32.

[114]Ministry of Energy and Natural Resources, Oil Pipelines 2016, http://www.enerji.gov.tr/en-US/Pages/Oil-Pipelines (Accessed on September 17, 2017).

[115] Ministry of Energy and Natural Resources, Natural Gas Pipelines and Projects 2016, http://www.enerji.gov.tr/en-US/Pages/Natural-Gas-Pipelines-and-Projects, (Accessed September 23, 2017).

Figure 11: International Oil Pipelines of Turkey



Source: Ministry of Energy and Natural Resources of Turkey[116]

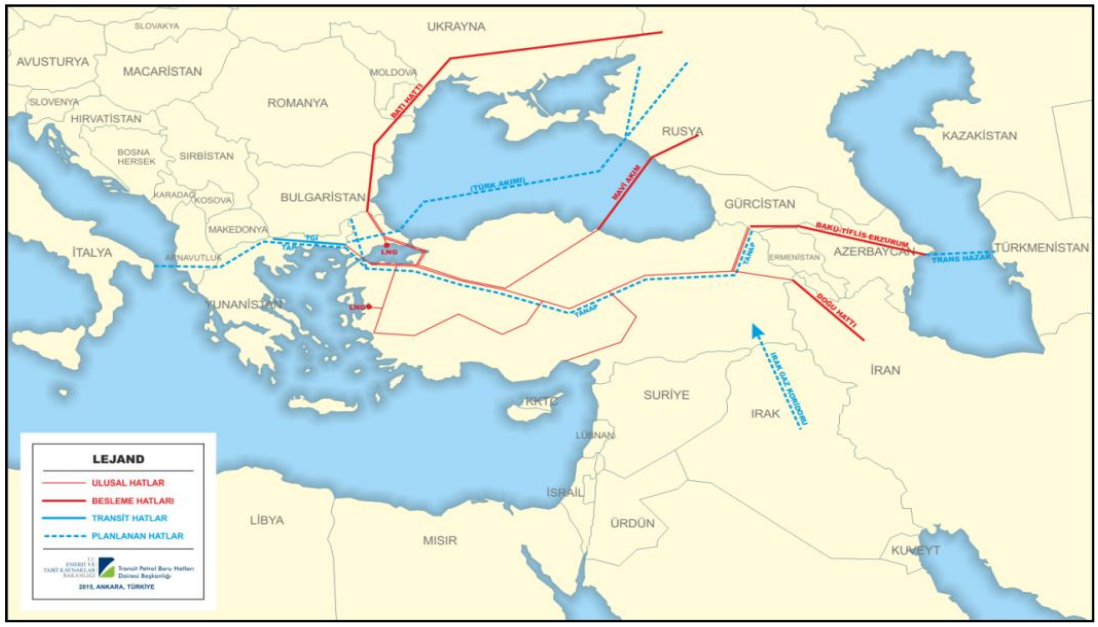
Due to the energy needs of Turkey, the country still plans to diversify natural gas import pathways. For this purpose, Turkey and Azerbaijan are building Trans Anatolian Pipeline (TANAP)[117]. In order to meet Turkey's increasing natural gas demand, negotiations were held with the Azerbaijan Government and Shah Deniz Consortium, which has developed Shah Deniz field of Azerbaijan. As a result of the actions, an agreement was signed on October 25, 2011, envisaging the supply of 6 BCM Azeri gas annually to Turkey starting from 2018. Besides, an Intergovernmental Agreement between Azerbaijan and Turkey and the Host Governmental Agreement have been signed on 26 June 2012 for transportation of 10 BCM Azerbaijani gas to Europe through Turkey via a newly constructed pipeline, regarding Trans Anatolian Natural Gas Pipeline, TANAP. By these agreements, legal infrastructure has been established to ensure the realization of TANAP Project[118]. In

[116] Ministry of Energy and Natural Resources, Oil Pipelines 2016, http://www.enerji.gov.tr/en-US/Pages/Oil-Pipelines (Accessed on September 22, 2017).

[117] Volkan Özdemir et al. "The Trans-Anatolian Pipeline (TANAP) As A Unique Project in the Eurasian Gas Network: A Comparative Analysis", *Utilities Policy*, Vol. 37, 2015, pp. 97-103.

addition, Turkey diversified its gas security policy by signing long-term supply contracts as an energy hub.

Figure 12: International Gas Pipelines of Turkey



Source: Ministry of Energy and Natural Resources of Turkey[119]

The foreign policy of Turkey is aided by an examination of figures related to fossil fuel use and importation. IEA projects that Turkey's crude oil imports will need to be doubled before 2023 to maintain current growth expectations[120]. This increasing growth highlights the importance of maintaining energy security in the Turkish Foreign Policy.

Under these circumstances, Turkey has been trying to diversify its energy import routes to secure the supply. For this purpose, Turkey is also considering to

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[118] Ministry of Energy and Natural Resources, Natural Gas Pipelines and Projects 2016, http://www.enerji.gov.tr/en-US/Pages/Natural-Gas-Pipelines-and-Projects, (Accessed September 23, 2017).

[119] *Ibid.*

[120] U.S. Energy Information Administration (EIA), International Energy Statistics-Turkey 2015, October 2017, https://www.eia.gov/beta/international/data/browser/#/?c=0000000000000000000000000000000000000000000g&ct=0&vs=INTL.44-1-TUR-QBTU.A&vo=0&v=H&end=2015&showdm=y, (Accessed November 30, 2017) .

take an active role in Iraq's oil and gas sector. Turkish Petroleum Corporation (TPAO) took place in Iraq's oil and gas auctions. TPAO now takes part in Badra Oil Field Development Project, Mansuriya Gas Field Development Project, Siba Gas Field Development Project and Missan Oil Field Development Project[121]. Besides, Turkish private sector companies are exploiting oil and gas fields in the KRG.

3.4. Conclusion

Turkey is not an energy-rich country. However, it lies between the regions which are rich in hydrocarbon resources. In Turkey, proven oil reserves are mainly located in the Batman and Adıyaman provinces in the southeastern part of the country. In 2014 Turkey produced 61.000 b/d oil and other liquids, for about 9% of oil consumption. Turkey also imported 765.000 b/d oil in 2014, more than 90% of its consumption. In 2014 crude oil imports mainly came from Iraq and Iran[122]. Most of the natural gas (71%) came from Russia and Iran in 2015[123]. Despite being surrounded by world's major hydrocarbon-rich regions, as the statistics show, Turkey is insufficient to meet country's hydrocarbon demand. This demand creates an import-dependency, so this situation has an impact on the economy. As mentioned above, nearly 70% of world's oil and gas resources are located in the regions around Turkey. On the other side of Turkey, the European Union (EU), that is a major energy consumer in the World, is a neighbor for Turkey.

Therefore, it was expected from Turkey to play a crucial role as an energy bridge between resource rich East and the consumer West. Turkey has been playing its transit role by its pipelines and constructing pipeline projects like TANAP[124].

Besides being an energy bridge, as a result of lack of energy resources, Turkey has to shift its energy policy according to its needs towards its energy supply security. Iraq plays a crucial role to supply oil in Turkey's energy mix. However, the location and pipelines put Turkey in the right place to become an energy hub.

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[121] Türkiye Petrolleri Anonim Ortaklığı (TPAO), *International Business Partner*, http://www.tp.gov.tr/eng/?tp=m&id=17 (Accessed on September 17, 2017).

[122] *2015 Yılı Hampetrol ve Doğalgaz Sektör Raporu,* Türkiye Petrolleri A.O. (TPAO), 2016, p. 28.

[123] *Ibid*, p. 28.

[124] Volkan Özdemir et al. "The Trans-Anatolian Pipeline (TANAP) As A Unique Project in the Eurasian Gas Network: A Comparative Analysis", *Utilities Policy*, Vol. 37, 2015, pp. 97-103.

In the near future, Turkey has to consider evaluating options to become an energy hub. Another neighbor energy-rich region in the hinterland of Turkey. Considering its cultural and historical ties, Central Asia is a critical region also for Turkey. In this context, an energy-rich country which is developing in Central Asia; Kazakhstan, will be analyzed to understand the similar advantageous status like Iraq, for Turkish energy security.

CHAPTER 4

ENERGY RELATIONS BETWEEN TURKEY AND KAZAKHSTAN

4.1. Introduction

As one of the former Soviet Socialist Republics (SSR), Kazakhstan owns vast amounts of oil and gas. This Central Asian country holds 30 billion barrels of proven oil reserves and 85 trillion cubic feet (Tcf) of proven natural gas reserves[125]. Tengiz and Karachaganak oil and gas fields are two central production locations in Kazakhstan. These reserves have importance for both regional and international energy markets. Now, Kazakhstan is one of the major hydrocarbon producers in Central Asia and it has a strategic geographical position to control transit of oil and gas from Central Asia to East and West. This situation makes Kazakhstan an essential component of energy security for both Asia and Europe.

The first oil shock put security of energy supply on the top of the energy policy agenda of most industrialized nations[126]. The economy of petroleum and petroleum products have major role in the economic structures of the oil exporting countries. Energy security is directly associated with economic development and energy independence of the state. Political and financial stability of the producing oil and gas are vital for ensuring energy security.

This chapter aims to provide information for the energy security of Kazakhstan. Evaluating energy security in Kazakhstan, this chapter gives information about energy structure both in the Soviet and post-Soviet periods. Now, hydrocarbon sector is a major industry for Kazakhstan. Besides, Turkey and Kazakhstan share historical ties. After the Soviet period, the two countries created a

[125] U.S.Energy Information Administration(EIA), Country Analysis Brief: Kazakhstan, May 10, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Kazakhstan/kazakhstan.pdf, (Accessed November 30, 2017), p. 3.

[126] Gawdat Bahgat, "Central Asia and Energy Security", *Asian Affairs*, Vol. 37, No 1, 2006, pp. 1-16.

level of cooperation. In this chapter, the energy structure and Turkey-Kazakhstan energy relations will also be analyzed.

On a global scale, due to the economic and technological developments, the need for energy is growing. For Kazakhstan, with its vast energy resources, the country has to improve its energy market structure and its political mechanisms. Besides, Kazakhstan has to develop its mechanisms for more robust international position in the global energy market.

4.2. Energy Structure in the Soviet Era

For Russian market, the introduction of petroleum or petroleum products begin with the import and sale of the American kerosene in the big cities of Russian Empire[127]. However, with the conquest of Baku, one of the leading petroleum production centers in the world at that time, development of petroleum industry in Russian lands began. It was one of the richest and best-known oil regions that Nobel Brothers came and started to develop Russian Petroleum Industry.

Before the World War I, the oil industry was in a developing period in the Russian Empire and Kazakhstan as well. During World War I period, American kerosene dominated the Russian market. But with the oil production increase in the Caspian Region, this tendency was broken. Long before the Bolshevik Revolution, Baku was the major oil production center in the Caspian Region[128].

The economy of the USSR was a centralized one. Central planning in the Soviet Union made Central Asia a main source for agricultural production. The Virgin Lands policy was initiated in 1954 during the Khrushchev Era and it was an agrarian policy that aimed to solve agricultural problems of the Soviet Union[129]. Nearly 90% of Kazakh arable lands were used for wheat production between 1954-1961[130]. In this plan, Kazakhstan became the wheat supplier for the whole Union.

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[127] Hayriye Kahveci, *The Political Economy of Oil in Kazakhstan,* PhD Thesis, Ankara, Middle East Technical University, Graduate School of Social Sciences, 2007, p. 53.

[128] *Ibid, p. 54.*

[129] Gregory Gleason, *The Central Asian States Discovering Independence,* Boulder and Oxford, Westview Press, 1997, p. 52.

[130] *Ibid,* p. 52.

For the Soviet economy, Kazakh SSR was a critical component not only for its agricultural benefit but also its industrial potential.

Oil or petroleum industry in the Soviet economic system was crucial for the Union's economic nature. Soviet petroleum industry, due to the nature of the communist regime and the traditional character of Russia, was in isolation from the other petroleum industries in the world[131]. During the Tsarist regime, Kazakh lands had an infrastructure of mining and food industry. However, after the civil war and Bolshevik control over the Soviet Union, the Soviets started to rebuild the industrial infrastructure. Because, for the Soviet economy, boosting up the economy as well as oil and mining industries were necessary. With the five-year economic plans, the Union tried to strengthen its industrial infrastructure. However, after the World War II, the primary energy resource was coal. Oil was accounted for a limited amount of the energy needs of the country.

The World War II had a severe impact on the central planning of oil and gas in the Soviet Union. German threat to the Caucasian oil resources obliged Soviets to concentrate on more drilling activities in the inner parts of the Union. After Stalin's death, the world's largest oil exporter was the Soviet Union up to the 1970s[132]. The lack of investment remained the Soviet technology underdeveloped, compared to the technology in the West. As a whole, oil industry and technology in the Soviet Union was 10 to 25 years behind compared to oil industry in the USA[133].

During the Soviet Era, primary oil production location was Baku[134]. Soviet planners thought that Baku was vulnerable to outside attacks because of its location. Thus, the Soviet Union decided to decrease dependence on the resources of Baku. Therefore, five year, ten year and fifteen year plans aimed to reduce reliance on Baku oil and develop the Soviet oil industry. The lands between Russian and Kazakhstan border and the Ural Mountains were discovered as places with oil in this period.

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[131] Kahveci, *The Political Economy of Oil in Kazakhstan*, p. 53.

[132] Bülent Gökay, "The Background: History and Political Change", ed. Bülent Gökay, *The Politics of Caspian Oil*, New York, Palgrave Macmillan, 2001, pp. 1-19.

[133] *Ibid, p. 11.*

[134] Alexander Nazaroff, The Soviet Oil Industry, *Russian Review*, Vol. 1, No 1, 1941, pp. 81-89.

Major discoveries were made in the Volga-Ural regions and in the Northern Caucasus.

In Kazakhstan, exploration in Emba oil field was expanded and oil fields in Kulsary were discovered[135]. In that period, the increase in the Emba region was a small percentage compared to the production in Baku[136]. The demand for oil rose dramatically, however, during the World War II period, the production in the USSR diminished due to the German invasion and occupation of the Northern Caucasus by German forces.

In the post-war period, the general priority was rebuilding the Caucasian Fields and expansion of the eastern oil fields, however with the Gorbachev Era, a new opportunity for international oil companies to invest in the Soviet Union emerged. Gorbachev administration invited international oil companies to establish joint ventures. At that period, Soviet oil technology was far behind the technology in the West[137]. American oil giant Chevron was eager to invest in Kazakhstan for oil production. During 1980s, Chevron negotiated with the Soviet administration in order to take exploration rights of the giant Tengiz field which was discovered in 1979 in Kazakhstan[138].

In the period between 1972-1979, with the help of the increase in the oil prices, the Soviet Union had a chance to import Western know-how in oder to improve old-fashioned Soviet technology. Due to the rapid oil price decrease in 1979, the process slowed down. With low technology and inefficient administration, the cost of oil production rose in the USSR[139].

In the 1960s, oil and gas exploration projects started in Kazakhstan SSR but developed slowly. Through the 1980s, Soviet government decided to develop the production level in Siberian oil fields. The decrease in global oil prices, energy

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[135] *Ibid*, p. 82.

[136] *Ibid*, p. 84.

[137] Shirin Akiner, "Caspian Intersections: Contextual Introduction", ed. Shirin Akiner, *The Caspian: Politics, Energy and Security*, New York, Routledge Curzon, 2004, pp. 2-12.

[138] *Ibid*, p. 9.

[139] *Ibid*, p. 12.

shortages and wasteful use of oil in the Soviet Union pushed the Soviet leaders to concentrate on the increase in the Siberian oil fields rather than developing the oil fields in Kazakhstan SSR.

In the early 1990s, Kazakh SSR produced 6% of USSR's oil. Because of the fact that the Kazakh region needed offshore drilling, Soviet rulers were reluctant to explore Kazakh oil[140]. The majority of oil produced from Magyshak and Buzachi which were Kazakh SSR's oldest oil-producing areas and located in the western part of the country[141]. The enterprises responsible for developing these fields were Mangistauneftegas (1963), Uzenmunaigas (1964) and Aktobemunaigaz. In fact, the giant Tengiz and Karachaganak oil and gas fields were discovered in 1979. Besides Kumkol field was discovered in 1981 in the southern part of the country. Karachaganak started production in 1984, Tengiz in 1985 and Kumkol in 1989.

At the beginning of the 1960s, nearly 80% of the Soviet oil production came from the Ural-Volga region[142]. The region was planned to be main center for the fourth generation Soviet oil industry development with the Barents, Kara Seas and the Arctic Circle towards the end of the 1990s[143].

The oil business in the Kazakh SSR was in the hands of Moscow. At that time Soviet oil industry were organized horizontally within the different ministries by Soviet authorities. The vertically integrated structure of Ministry of Petroleum Industry was responsible for various aspects of the entire process[144]. In the mid-1960s, Ministry of Petroleum Industry was divided into two independent ministries- the Ministry of the Petroleum Industry and the Ministry of Gas Industry which were responsible for all aspects of oil and gas industry in Kazakhstan.

4.3. Energy Structure in the Post-Soviet Era

Kazakhstan was unprepared for independence like many other former Soviet Republics. The country was the last Soviet Republic which declared its independence

[140] Wojciech Ostrowski, *Politics and Oil in Kazakhstan*, New York, Routledge, 2010, p. 30.

[141] *Ibid*, p. 30.

[142] *Ibid*, p. 29.

[143] *Ibid*, p. 30.

[144] *Ibid*, p. 31.

in December 1991. After the collapse of the Communism in the Soviet Union, Nursultan Nazarbayev elected as President following independence. By this election. Nursultan Nazarbayev strengthened his presidency.

Because of its geographic location and demographic composition, Kazakh post-independence period differs from other former Soviet Republics. A significant amount of ethnic Russian population lives in Kazakhstan[145]. Besides, Kazakhstan shares a long border with the Russian Federation.

Kazakhstan had 30 billion barrels of proven oil reserves as of January 2014—and the twelfth largest in the world and the second largest in Eurasia after Russia,[146].

Reserves (millions of barrels)	U.S. EIA (start of 2017)		OPEC (end of 2015)		BP (end of 2015)	
Country	**Rank**	**Reserves**	**Rank**	**Reserves**	**Rank**	**Reserves**
Venezuela	1	300,878	1	300,878	1	300,900
Saudi Arabia	2	266,455	2	266,455	2	266,600
Canada	3	169,709	26	4,118[4]	3	172,200
Iran	4	158,400	3	158,400	4	157,800
Iraq	5	142,503	4	142,503	5	143,100
Kuwait	6	101,500	5	101,500	7	101,500
UAE	7	97,800	6	97,800	8	97,800
Russia	8	80,000	7	80,000	6	102,400
Libya	9	48,363	8	48,363	10	48,400
United States	10	35,230 (2016)	10	36,685	9	55,000
Nigeria	11	37,062	9	37,062	11	37,100
Kazakhstan	12	30,000	11	30,000	12	30,000
China	13	25,620	13	25,132	14	18,500
Qatar	14	25,244	12	25,244	13	25,244
Brazil	15	12,999	14	16,184	15	13,000
Algeria	16	12,200	15	12,200	17	12,200
Angola	17 / 18	8,273	17	9,524	16	12,700
Ecuador	17 / 18	8,273	18	8,273	19 / 20	8,000
Mexico	19	7,640	16	9,711	18	10,800
Azerbaijan	20	7,000	19	7,000	21	7,000

Source: Wikipedia[147]

Table 1: World Proven Oil Resources

[145] Davut Han Aslan and Duygu Bozyigit, "Turkey-Kazakhstan Relations: An Overview Of Mutual Relations Since The Collapse Of The Soviet Union.", *Vistula Scientific Quarterly*, Vistula University, Vol. 4, No 42, 2014, pp. 133-145.

[146]U.S.Energy Information Administration(EIA), Country Analysis Brief: Kazakhstan, May 10, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Kazakhstan/kazakhstan.pdf, (Accessed November 30, 2017), p. 3.

[147]Wikipedia, "List of Countries By Proven Oil Reserves", https://en.0wikipedia.org/index.php?q=aHR0cHM6Ly9lbi53aWtpcGVkaWEub3JnL3dpa2kvTGlzdF9vZl9jb3VudHJpZXNfYnlfcHJvdmVuX29pbF9yZXNlcnZlcw (Accessed October 21, 2017).

During the Soviet Period, Soviet policy was based on keeping its near abroad dependent on its infrastructure. Thus, after the sudden independence, Kazakhstan was dependent on Russian pipeline infrastructure[148]. At the same time, economic crisis pushed the country to pursue a natural resource-based financial plan[149]. As a result, Kazakhstan had to export hydrocarbon resources with Russian connected pipeline system. This made Kazakhstan vulnerable in the field of exporting its hydrocarbon resources to the European and Western markets. The cheapest and shortest route from Kazakhstan to global energy markets was through Russian territory.

After the independence, Kazakhstan decided to establish a secure economic system under market economy rules very fast. During the transition, Kazakh leadership tried to integrate its hydrocarbon resources with the international markets. Discoveries of off-shore oil fields raised the production potential of the country. However, the flow of foreign investment in the country postponed the reform process. Control of oil and gas revenues was realized by a limited number of people.

In the last years of the USSR and first years of Kazakhstan, some of the international oil companies were willing to invest in Kazakh oil sector. However in Kazakhstan, the operations of the Western oil companies go back to 1980s. The US oil company Chevron was the first company which decided to invest in Kazakhstan. Chevron gained the first oil concession in the country's Tengiz oil field. During the early years of independence, Tengiz oil field was measured that it held nearly 10 billion barrels of oil while Karachaganak and Uzen fields were estimated to hold almost 3 billion barrels of oil each.

In 1979 Tengiz oil field was discovered, the control of the pipeline held by a joint venture called TengizChevrOil (TCO) which was a Chevron-led consortium and the first joint venture of Kazakhstan. TCO consisted of American, Kazakh, Russian and English firms. Chevron Texaco and Exxon Mobil has 50% and 25% shares respectively in the consortium, the national energy company KazMunaiGaz

[148] Pinar İpek, "The Role of Oil and Gas In Kazakhstan's Foreign Policy: Looking east or West?", *Europe-Asia Studies,* Vol. 59, No 7, 2007, pp. 1179-1199.

[149] *Ibid,* p. 1181.

(KMG) of Kazakhstan holds 20%, and a joint venture of of Lukoil of Russia and Arco of England, LukArco holds 5% shares. This was a joint venture with a budget of 20 Billion US Dollars and established for 40 years[150]. The agreement covers 700.000 barrels of oil production daily. Kazakh government would receive 80,4%, Chevron Overseas would win 19,6% of net revenues according to the final deal[151]. Transportation was essential for Tengiz field. Thus, French Total Company was the first company that brought pipeline proposal to Kazakhstan[153].

Besides, other oil and gas agreements were also signed. In 1992 British Gas (BG) and "Ente Nazionale Idrocarburi" (National Hydrocarbons Authority-ENI) of Italia was awarded exclusive rights to develop Karachaganak oil and gas field[154].

Kazakhstan will play a significant role in Central Asia for oil and gas production[155]. Kazakh leader Nursultan Nazarbayev explained in 1997 that a 2030 target was set for Kazakhstan for the achievement of prosperity, security and welfare[156]. In his speech to present 2030 strategy, he stated that Kazakhstan will follow a plan for economic development. The policy, issued in 1998, covers sections about reforms. One of the main targets was to achieve political reforms in the country in order to strengthen the political structure to secure the economy. To maintain this, Kazakhstan had to attract as secure foreign direct investment as possible by using its hydrocarbon resources[157]. At the same period for economic purposes and economic development, privatization was a major goal.

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[150] *Ibid*, p. 1187.

[151] Hayriye Kahveci, *The Political Economy of Oil In Kazakhstan,* PhD Thesis, Ankara, Middle East Technical University, Graduate School of Social Sciences, 2007, p. 35.

[153] Yunus Sen, *Hazar'ın Kanı: Orta Asya'nın Petrolle Yazılan Tarihi*, İstanbul, Dogan Kitap, 2009, p. 190.

[154] Kahveci, *The Political Economy of Oil In Kazakhstan*, p. 94.

[155]U.S.Energy Information Administration (EIA), Country Analysis Brief: Kazakhstan, May 10, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Kazakhstan/kazakhstan.pdf, (Accessed November 30, 2017), p. 3.

[156] Richard Pomfret, "Kazakhstan's 2030 Strategy: Goals, Insturments and Performance," (paper to be presented at the American Economic Association Annual Conference in Philadelphia on 4 January 2014 in an Association for Comparative Economic Studies Panel, 2014), American Economic Association, 2014.

[157] *Ibid*, p. 1.

However, the 1990s was economically and politically fragile and unstable years for Kazakhstan. The instability had three major reasons: Russian economic crisis in 1998, Asian economic crisis and fall of international oil prices. Continuing interconnection with the Russian Federation affected the newly independent Central Asian States and Kazakhstan. As a result of Russian crisis and weak Ruble, Kazakh leadership had a decision to leave Ruble Zone and establish Tenge as a new national currency. However, this could not save Kazakhstan from the Russian economic crisis[158]. So, these two regional crises and decreasing price of oil had effects on Kazakh economy. By the end of the 1990s, net debt of Kazakhstan increased to 31% of Gross Domestic Product (GDP)[159].

When Kazakhstan had declared its sovereignty in October 1990, the first organizational body in the hydrocarbon sector was the Kazakhstan Oil and Gas Corporation, established in 1991. The name of the company changed to Kazakhstanmunaigaz in 1992 and became a National Oil Company (NOC)[160]. Again in 1992, Kazakhstan authorities formed Ministry of Energy and Fuel Resources which was responsible for regulating and refining oil and gas production. In addition to this, to control Kazakhstan's mineral resources, Ministry of Geology and Protection of Mineral Resources was established. These formal mechanisms were set up to negotiate the future of the Kazakh oil industry.

Kazakhstanmunaigaz was one of the primary structures that were formed for administering the Kazakh oil and bring together enterprises [161]. However, in the same period, Ministry of Energy and Fuel Resources and Ministry of Geology were authorized to determine the direction of the oil industry.

Kazakhstanmunaigaz was established to restructure the oil industry and to combine the oil production, refining, distribution and retailing. To attract foreign investment Kazakhstanmunaigaz was preferred to sign joint venture agreements or

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[158] *IMF Country Report No: 01/20, Republic of Kazakhstan, Selected Issues and Statistical Appendix,* Washington, International Monetary Fund (IMF), January 2001, p. 5.

[159] *Ibid,* p. 5.

[160] Wojciech Ostrowski, *Politics and Oil in Kazakhstan*, New York, Routledge, 2010, p. 32.

[161] *Ibid,* p. 34.

production sharing contracts. The first joint venture was with Chevron Corporation for in 1988 to have a survey on Korolevskoye Oilfield in the North Caspian Basin under TCO[162].

Another major contract was concluded for Karachaganak gas oilfield. British Gas (BG) and Italian Agip-ENI were qualified for negotiation of a production sharing agreement and a field development plan[163]. These agreements helped Kazakh authorities to create a new oil system and oil industry. However, at that time Ministry of Geology and Ministry of Energy and Fuel Resources had disputes over gas fields and privatization of Kazakhstanmunaigaz.

By late 1993, Nazarbayev disbanded Ministry of Energy and Fuel Resources and created two ministries, Ministry of Oil and Gas Industry and Ministry of Energy and Coal Industry. At the same time, Kazakhstanmunaigaz was renamed Munaigas[164].

In that period, the main interest was on the fields which had been discovered during the Soviet Era[165]. The primary field was Tengiz, which was overrepresented in the Soviet Era[166]. In that period government authorities, regional administration authorities, heads of oil enterprises and departmental groups started to sign licenses and contracts for subsoil development[167].

The main legislative infrastructure of the agreements and joint ventures was the "Code of the Republic of Kazakhstan on the Subsoil and Refining of Mineral Raw Materials" dated 30 May 1992[168]. The regulation of the rules of the Kazakh oil sector progressed slowly and 50 laws were passed dealing with foreign investments. However, the main problem was to increase the production from 26,8 million tons in

[162] *Ibid*, p. 35.

[163] *Ibid*, p. 35.

[164] *Ibid*, p. 35.

[165] *Ibid*, p. 39.

[166] *Ibid*, p. 39.

[167] *Ibid*, p. 39.

[168] *Ibid*, p. 40.

1995 to 45 million tons in 2000[169]. The main purpose was to increase production and expected profits from 220 million US Dollars to 2,5 billion US Dollars. Besides, total required investment amounted to 6,6 billion US Dollars. These restricting plans in oil and gas industry would not happen without privatization of energy companies.

However, a privatization process was planned for Kazakh oil and gas sector. In 1994 and 1995 two phases of privatization were held. By 1996, Kazakh government was ready to privatize list of exploration companies, refineries, petrochemical enterprises and distribution networks[170].

But in general, international oil majors were reluctant to invest in Kazakhstan due to the unstable political conditions. At first, companies like Gaz de France, Agip, Enron and Bridas[171] were interested. However, from the perspective of foreign investors, the most problematic issues were unclear tender procedures that made the tender unpredictable and future of the investment unstable.

To speed up the privatization process, Nursultan Nazarbayev decided to take control of the oil sector. In 1997, he signed the decree No.3378 on "Additional Measures to Reform the Organization of State Entities in the Republic of Kazakhstan". Accoridng to the decree the State Property Management Committee, the State Tax Committee, State Pricing Committee, the Ministry of Geology and Subsoil Protection and the Ministry of Oil and Gas Industry were dissolved[172]. The decree also established the "Kazakh Oil" the national oil and gas company in their place. Besides, 90% of Munaigas shares were transferred to the KazakhOil[173].

[169] *Ibid,* p. 47.

[170] *Ibid,* p. 47.

[171] Bridas is a small Argentinian based company, which in the first decade of 1990s was involved whole range og projects across Central Asia including Turkmenistan and Afghanistan. Since March 2010, it is %50 owned by China National OffshoreOil Corporation. See Wikipedia, accessed September 21, 2017, https://en.0wikipedia.org/index.php?q=aHR0cHM6Ly9lbi53aWtpcGVkaWEub3JnL3dpa2kvQnJpZGFzX0NvcnBvcmF0aW9uI2NpdGVfbm90ZS1icGRlYWwtMg

[172] *Ibid,* p. 47.

[173] *Ibid,* p. 47.

The KazakhOil was responsible for controlling and managing the government's interest in all oil and gas enterprises, including joint ventures, as well as production sharing interests with the foreign investors[174].

With the establishment of KazakhOil, aggressive privatizations began. In 1997, 85% of Mangistaumunaigaz was sold to Central Asia Petroleum Ltd. for 248 Million USD[175]. With this agreement, 60% of Aktobemunaigaz and 60% of Uzen Oilfield were sold to the China National Petroleum Corporation (CNPC)[176].

In that period Kazakh government focused on facilitating the privatization program for oil and gas industry due to the worsening economic situation in the Post-Soviet space. However, in the late 1990s, the aim of the Kazakh government changed. The government seeks to establish a balance between foreign investors and state interests. The privatization process was slowed down and the nationalistic line between the government and new private oil companies emerged.

In 2002, Nazarbayev signed a decree to establish a national company named KazMunaiGaz (KMG). KMG established through the merger of National Oil and Gas Company KazakhOil and National Company Transportation Oil and Gas[177].

It was argued that KMG was being created to ensure a single state energy policy by using the country's mineral resources. The company was capable of implementing more complex projects. Besides, KMG would have a mandatory share of 50% in all new oil and gas projects in Kazakhstan[178]. KMG is now responsible for major oil and gas projects in Kazakhstan.

For exporting its oil and gas, Kazakhstan was dependent on Russia and Uzbekistan[179]. Kazakhstan is the only Central Asian republic sharing a long border

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[174] *Ibid*, p. 47.

[175] A Virgin Islands Based Company. A part of Indonesian Group of Medco Energy. Bloomberg, https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapid=37533404, (Accessed September 21, 2017),

[176] Wojciech Ostrowski, *Politics and Oil in Kazakhstan*, New York, Routledge, 2010, p. 32.

[177] *Ibid*, p. 57.

[178] *Ibid*, p. 58.

[179] Pınar İpek, "The role of oil and gas in Kazakhstan's Foreign Policy: Looking East or West?", *Europe-Asia Studies*, Vol. 59, No 7, 2007, pp. 1179-1199.

with Russia and contains a significant amount of Russian population[180]. In 1994, energy accounted 32% of Kazakhstan's total imports[181]. The dependence on Russia pushed Kazakhstan to attract more foreign direct investment to the hydrocarbon sector. Moreover, the exploited oil and gas in the country had been transporting to Russia. However, in the early years of independence., this situation offered Kazakhstan a flexible foreign policy with the capability of meeting the dual challenges of state-building and economic recovery. So, in Kazakhstan as a landlocked country, as an example of a pragmatic foreign policy, to develop its offshore oil and gas resources freely with the active participation of Western oil firms and governments, was vital for the challenges during the period of state-building and economic recovery[182]. So, Kazakhstan decided to strengthen its ties with international oil companies and launched big projects for exploration and extraction of oil and gas in the Kazakh section of the Caspian Sea[183]. However, decreasing its dependence on the Russian-controlled pipeline system has been still the main challenge for Kazakhstan.

In this sense, Kazakhstan had to pursue a careful policy to balance the interests of three powers: the USA, the Russian Federation and China. Russia was insufficient in financial and technological terms to develop the huge hydrocarbon

[180] According to the last Soviet census, taken in 1989, Kazakhs constituted 39.5% of the population, while Russians were 37.7%. Total Slav population including Russians, Ukrainians (5.4%) and the Belorussians (1.1%), constituted 44.2% of the total population, when also combined with the largely Russified Germans (5.8%), non Kazakhs formed a bare but absolute majority in the republic. (İpek, "The Role of Oil and Gas in Kazakhstan's foreign policy: Looking East or West, pp. 1179-1199.)

[181] *Ibid*, p. 1180.

[182] *Ibid*, p. 1181.

[183] The Offshore Kazakhstan International Operating Company (OKIOC) was established in 1998 to explore the Caspian shelf under a production sharing agreement signed in Washington in 1997. Agip, British Gas (BG), Shell, a BP/Statoil alliance, Mobil, Total and KazakhCaspiShelf founded the consortium, each with a one-seventh interest. KazakhCaspiShelf sold its stake to Inpex Nord Ltd of Japan and Phillips Petroleum of the US in the autumn of 1998. British Gas also decided to sell its 16.7% share of the field. Consortium members decided to redistribute BG's share, giving half to themselves and half to Kazmunaigaz. As of May 2006 the consortium members of Agip Kazakhstan North Caspian Operating Company (Agip KCO) (formerly OKIOC) are: Agip (operator), Total, ExxonMobil and Shell (18.52%), ConocoPhillips (9.26%), Kazmunaigaz (8.33%) and Inpex (8.33%). (İpek, "The Role of Oil and Gas in Kazakhstan's foreign policy: Looking East or West, pp. 1179-1199.)

resources in Kazakhstan. So, Nazarbayev tried to diversify the sources of funding[184]. He sought economic assistance from US-backed multilateral agencies and investment from major Western oil companies, while at the same time pursuing and cultivating a strategic partnership with Russia. That balance oriented strategy was a result of the geopolitical context reflected on oil and gas contracts.

Investments of large Western firms were essential for the economic stability of Kazakhstan. Kazakh oil has been transported to the international markets via three pipelines: Kazakhstan-China Pipeline, the Caspian Pipeline Consortium (CPC) and Uzen-Atyrau-Samara Pipeline. Because of being a landlocked country, Kazakhstan was trying to by-pass Russia. However, it was unable to bypass the Russian Federation while exporting its oil[185]. Despite the opposition of the USA, Iran and Kazakhstan signed an agreement to swap the oil. Kazakhstan would deliver oil to Neka port of Iran, and Iran would export the same amount of oil to the world markets. During Soviet Era, oil and gas pipeline infrastructure was designed to link the Soviet Union internally. The infrastructure were also routed through Russia. At first, Atyrau-Samara Pipeline was the only major pipeline[186]. With the help of investments, more massive production came into the picture; Kazakhstan was in need of new pipeline routes to transport hydrocarbons to the international markets. But it would take time and money that made the Russia's strategic support inevitable.

Before the agreement about Tengiz field, Russia, Kazakhstan and Oman had formed the CPC to construct a pipeline from the Caspian region to the Russian port Novorossiysk in the Black Sea[187]. Kazakhstan’s contribution to the project was planned to supply territory and oil, at the same time Oman was expected to be a major financial source of the project. The CPC’s original plan was to finish construction over the existing Soviet infrastructure, which was completed at 60%. However, Oman could not meet its financial obligations. Moreover, in April 1996,

[184] İpek, "The Role of Oil and Gas in Kazakhstan's foreign policy: Looking East or West, pp. 1179-1199.

[185] *Ibid*, p. 1188.

[186] *Ibid*, p. 1185.

[187] *Ibid*, p. 1185.

the US firm Exxon Mobil bought half of Kazakhstan's 50% share in the Tengizchevroil Project[188]. Therewithal, Russian company Lukoil reached a preliminary agreement with the Kazakh government to purchase a part of Kazakhstan's remaining stake in Tengizchevroil.

After getting the gas for economic recovery, bypassing Russia with new pipelines became the long-term strategic goal of Kazakhstan's multi-vector foreign policy. And Kazakh rulers pushed KMG to have a larger role in the country's production. Through high oil priced period, Kazakhstan has been successful to consolidate its power gradually over foreign oil companies. Kazakhstan and Russia agreed to increase the capacity of the CPC. It was also a declaration of flow of oil through the CPC in the next eight years in the absence of new oil production from Kashagan field.

Besides, Kazakhstan has been a member of both the Shanghai Cooperation Organization[189] (SCO) and the Collective Security Treaty Organization (CSTO). The country has been a participant in the NATO-sponsored defense cooperation initiative, Partnership for Peace (PfP), since 1994.

4.4. Energy Security of Kazakhstan

Energy security issue is one of the necessary conditions of economic, social and environmental stability of a country and shows the effectiveness of the governments. Because, as one of an essential investment factors, energy resources are widely used in all sectors of the economy.

After the disintegration of the USSR, energy resources of the former Soviet Central Asian Republics began to be taken into account in international energy politics. The Caspian Region was estimated to hold around 5% of world's global

[188] *Ibid*, p. 1187.

[189] The SCO was initially formed as the Shanghai Five, founded in 1996 by China. Afterwrads, the Shanghai Five developed and renamed as Shanghai Cooperation Organization. The aim of the organization is to strengthen good-neighborly, friendly relations and mutual trust among the member states. Besides to show common effort for the protection of regional peace, security and stability; to fight against terrorism, radicalism, separatism, organized crime and illegal migration; to reinforce cooperation in political, economic, scientific and technologic, energy, as well as environmental issue are other major goals of the organization. It should be noted, the organization's initial concentration was in the political and security spheres (considered NATO's counterbalance in the region), yet under the Russian pressure (and backed by the Central Asian countries) the organization's main area of cooperation became the economic field.

energy resources. It is an area of increasing interest for Europe and USA. However, for the West, the region was mainly a concern for its future potential. It had not been accounted a significant share in Europe's energy imports. Only Kazakhstan and Azerbaijan had been important oil suppliers[190].

In Kazakhstan, the Kashagan field represented the largest oil discovery for over 30 years, making Kazakhstan one of the world's largest oil exporters. Thus, Kazakhstan has 30 billion barrels of proven oil reserves, the twelfth largest in the world and the second largest in Eurasia after Russia[191].

The country has two main production projects. Tengiz and Karachaganak fields produced nearly half of the total petroleum liquids which has 1,70 million bopd in 2014. Besides, Kashagan field in the Kazakh part of the Caspian Sea will also play a vital role in Kazakh hydrocarbon production. In addition, KazMunaiGaz (KMG) represents the state's interests in Kazakhstan oil and gas industry. It holds 10% interest in Karachaganak, 16,8% interests in Kashagan and 20% interests in Tengiz field[192].

To manage investments, Kazakhstan's main law in the oil and gas sector is the "Law on Subsoil and Subsoil Use." That law amended several times mainly in 2005, 2007 and 2010[193]. During the Soviet times, Kazakh SSR and Soviet technology were inefficient for exploiting the reserves in the country; however, since the participation of international oil companies in Kazakh petroleum sector, the reserves became viable and available for exploitation and production. But, the future of the country's petroleum producer status depends on the development of Karachaganak, Tengiz and Kashagan projects[194]. With the addition of Kashagan production, the output of these

[190] Accounting for 6,4% and 4,8 % of oil imports in 2015 according to the EU Energy Commission.

[191] U.S. Energy Information Administration(EIA), Country Analysis Brief: Kazakhstan, May 10, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Kazakhstan/kazakhstan.pdf, (Accessed November 30, 2017), p. 5.

[192] *Ibid*, p. 5.

[193] *Ibid*, p. 5.

[194] Wojciech Ostrowski, *Politics and Oil in Kazakhstan*, New York, Routledge, 2010, p. 48.

three production projects will likely to form more than half of Kazakhstan's production.

Regarding its energy security, Kazakhstan crude oil and condensate exports reached to 1,4 million bopd[195]. The exports have been made around and across the Caspian Sea to mainly European markets. Besides, Kazakhstan has oil and gas exports to China which accounted 16% of crude exports. These exports will require the increasing capacity of pipelines.

The primary product of these exports is Tengiz grade. The Tengiz grade is a mixture of crude oils from the Tengiz and Korolev fields, and, with The American Petroleum Institute (API) gravity[196] of 46.42° and 0.51% sulfur content, it is very similar in quality to Saudi Arabia's Arabian Light[197]. Tengiz grade accounts nearly 45% of the CPC blend. Karachaganak condensate, originating from the Karachaganak natural gas and condensate field, is mainly exported as part of the CPC blend.

The operator of Kazakhstan's pipeline system is KazTransOil (KTO), a subsidiary of KMG. KazTransOil operates approximately 3.400 miles of pipelines[198]. As a result of landlocked location and Soviet Era infrastructure, much of the country's oil and gas pipelines is linked with the Caspian oil and gas network routes which interlink the region. Today, major crude oil export pipelines are the Kazakhstan-China Pipeline, the Caspian Pipeline Consortium and Uzan-Atyrau-Samara Pipeline to Russia[199].

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[195] U.S.Energy Information Administration(EIA), Country Analysis Brief: Kazakhstan, May 10, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Kazakhstan/kazakhstan.pdf, (Accessed November 30, 2017), p. 5.

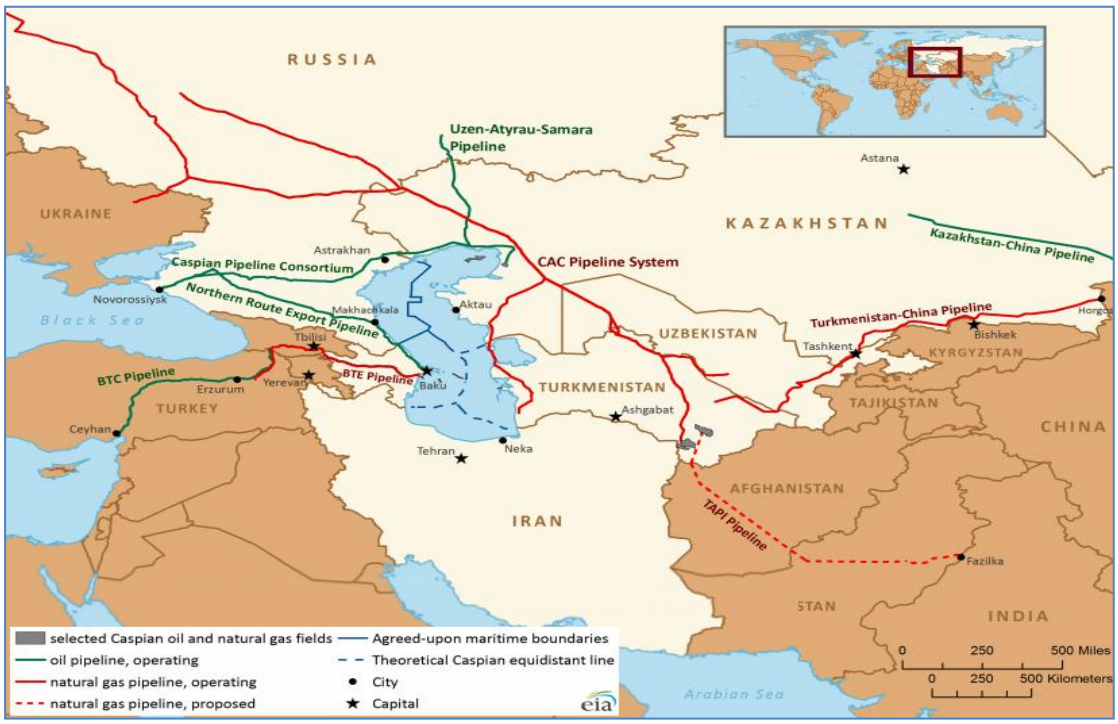
[196] API gravity is a measure of how heavy or light a petroleum liquid is compared to water: if its API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier and sinks.

[197] *Ibid*, p. 5.

[198] *Ibid*, p. 6.

[199] Kazakhstan also exports crude oil via the Caspian Sea and via railroads.

Figure 13: Major Oil and Gas Export Routes of Kazakhstan



Source: U.S. Energy Information Administration[200]

Besides Kazakhstan has rail network which is used for transportation of liquid fuels both for domestic consumption and exports. Another possible export route for Caspian Oil is via swaps with Iran. Nearly, for four years, Central Asian countries and Kazakhstan delivered their oil through Iranian port Neka. However, after the sanctions against Iran, Kazakhstan's demand to raise the fee charge made the swap complicated. As a result, no swaps have occurred after the end of 2014[203].

Kazakhstan has three oil refineries in Pavlodar, Atyrau and Shymkent. These refineries supply nearly 70% of gasoline and diesel demand of Kazakhstan[204]. Remaining demand is met by imports from Russia.

Kazakhstan has gas resources in its main oil fields of approximately 85 Tcf[205]. The majority of the reserves come from Karachaganak and Tengiz fields.

[200] *Caspian Countries Are Developing New Oil And Natural Gas Export Capacity*, Washington, U.S. Energy Information Administration (EIA), September 2013, p. 5.

[203] *Ibid*, p. 7.

[204] *Ibid*, p. 7.

Chevron produced 251 billion cf (cubic feet) of gas from Tengiz field for local consumers. From Karachaganak field, gas was transported to Russia[206].

Kazakhstan has two main export pipelines named Central Asia Center (CAC), and Turkmenistan-China Pipeline which pass through the southern part of Kazakhstan and end in China[207]. Both of the pipelines carry natural gas from Turkmenistan and Uzbekistan. A third pipeline, the Bukhara-Bishkek-Almaty Pipeline, carries gas from Turkmenistan and Uzbekistan for local consumption especially in the southern part of the country.

After the Soviet Period, Kazakh oil production is growing and since 1911. In the Soviet period, Kazakhstan SSR was the second-largest oil producer and held the second-largest oil reserves among the former Soviet Republics after Russia[208]. Production level first exceeded 1 million bopd in 2003. Kazakhstan's oil production was 1,70 million bopd in 2014. It is expected to grow with the development of giant Tengiz, Kashagan and Karachaganak fields. International organizations are also helping Kazakhstan's energy security. One of these organizations for Kazakhstan is the SCO. Over the past years, SCO has devoted itself to joint economic projects. The project is mainly about creating a collective energy market within the SCO. The existing pipelines unite Russia, Central Asian States and China, possibly forming the basis of creating a single SCO Energy Market[209]. Besides, Russian President Vladimir Putin proposed the foundation of the SCO Energy Club to discuss the coordination of energy cooperation and to state a balance between the interests of the partners like suppliers, transporters and consumers. For Kazakhstan, it would be a way to establish a reliable energy supply system for the region and provide energy to both foreign and domestic markets. The SCO differs from similar organizations due

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[205] *Ibid*, p. 8.

[206] U.S.Energy Information Administration(EIA), Country Analysis Brief: Kazakhstan, May 10, 2017, https://www.eia.gov/beta/international/analysis_includes/countries_long/Kazakhstan/kazakhstan.pdf, (Accessed November 30, 2017), p. 10.

[207] *Ibid*, p. 10.

[208] *Ibid*, p. 8.

[209] Galiia A. Movkebaeva, "Energy Cooperation Among Kazakhstan, Russia, and China Within the Shanghai Cooperation Organization", *Russian Politics & Law*, Vol. 51, No 1, 2013, pp. 80-87.

to including China as well as former Soviet Republics which will possibly expand the area of activity.

The SCO Energy Club will facilitate its members to tackle problems such as optimizing energy policies and coordinating the long-term energy policies; developing joint mechanisms for implementing members' energy policies, implementing measures of collective energy security; creating an infrastructure for transit, transportation and communications and coordinating investment policies and pursuing innovation [210].

In that organization, Kazakhstan pays attention to its interests, selecting advantageous priorities and areas of cooperation. In the field of energy Kazakhstan, Russia and China have been in collaboration[211]. At that point, it is noted that the proclamation of SCO Energy Club is essential. That initiative will pave a way to a single SCO Energy Market by establishing the trilateral interaction between Russia, China and Kazakhstan. In the trilateral energy cooperation structure, Russia and Kazakhstan will be the hydrocarbon exporters, whereas China consumes the resources.

Given the instability of the world economy, implementation of the SCO's energy policy may not only play a serious role in ensuring the stable growth of SCO members. In general, the SCO also provides a favorable diplomatic structure for possible energy collaboration among Kazakhstan, China and the Russian Federation. Thus, the SCO Energy Club will have a chance to lead the cooperation among the states in this area. This structure will help SCO member states and Kazakhstan to create the necessary conditions for regional energy integration.

Now, as one of the SCO members, China has oil and gas link with the Central Asian states. The Central Asian Gas Pipeline was constructed in December 2009. It was built on the the China-Kazakhstan Gas Pipeline and China-Kazakhstan Oil Pipeline. Over a period of nearly three years, the pipeline has carried approximately 20.5 million tons of oil, nearly 12% of oil imports of China annually. The Central Asian Gas Pipeline starts in Turkmenistan, passes through Kazakhstan and

[210] *Ibid*, p. 86.

[211] *Ibid*, p. 87.

Uzbekistan, and ends at Khorgos in China's Xinjiang Uyghur Autonomous Region (XUAR). This pipeline has a length of 1.833 kilometers, and it is expected to transport 40 billion cubic meters of gas per year[212].

For Kazakh energy security, Russia and Kazakhstan stated an active cooperation in the energy sector. The formation of a joint Russo-Kazakh oil cartel would strengthen the positions of Kazakhstan and Russia as hydrocarbon exporters regarding their influence on world prices[213].

Besides Kazakhstan has been trying to secure its energy policies and energy security through Kazakhstan 2030 strategy[214]. The 2030 plan has been in practice to ensure macroeconomic management.

4.5. Turkish-Kazakh Energy Relations

Due to the insufficient domestic resources to meet the energy demand of the country, 75% of energy supply was obtained by imports. Turkish energy consumption grew nearly 65% for the period 2000-2013. According to the BP Statistics, regarding primary energy consumption, natural gas has the biggest share which was gas at 33%, followed by oil and coal 27%[215]. As a result, Turkey has been facing a severe threat in terms of security of energy supply. At that point neighbor countries and energy producer countries in the near abroad are good options for Turkey to diversify energy imports and to strengthen its energy security.

From that perspective, Kazakhstan is an option for Turkish oil and gas imports. However, Kazakhstan has its own advantages. Geo-strategic position as well as socioeconomic and demographic factors make Kazakhstan advantageous for exporting hydrocarbon resources to Turkey.

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[212] *Ibid*, p. 83.

[213] *Ibid*, p. 84.

[214] Richard Pomfret, "Kazakhstan's 2030 Strategy: Goals, Insturments and Performance," (paper to be presented at the American Economic Association Annual Conference in Philadelphia on 4 January 2014 in an Association for Comparative Economic Studies Panel, 2014), American Economic Association, 2014.

[215] *Statistical Review Of World Energy*, London, British Petroleum (BP), June 2016, p. 40.

Turkey was the first country to recognize Kazakhstan's independence in 1991[216]. During the Soviet period, being separated by political and historical circumstances, the connection had been lost. After the disintegration of the USSR, Kazakhstan and Turkey have gained the opportunity to restore the relations. Turkey and Kazakhstan signed an agreement on cooperation in political, trade, economic, scientific, technical, cultural and social communication in March 1991[217]. The diplomatic relations started in 1992, the embassies of both countries were opened.

From the perspective of Turkey, Turkey has a particular position for Kazakhstan. In April-May 1992, Turkish Prime Minister Suleyman Demirel had a visit to Kazakhstan. This was the first official visit made by the Turkish Prime Minister. Besides, Turkey and Kazakhstan developed their relations through international organizations such as SCO and the Economic Cooperation Organization (ECO)[218].

By the time Kazakhstan gained its sovereignty, Turkey was in a period of high economic growth rates and revolutionary structural changes under the leadership of Turgut Özal. Özal's period was a classical adoption of liberal economic approaches, with a growing economy. However, the economy was a dependent economy. The economists in Turkey realized the importance of tourism, export and construction. For that purpose, the new markets of the former Soviet countries were suitable for Turkish exports. These markets offered new opportunities for growing Turkish economy.

However, it should also be considered that Kazakhstan is heavily dependent on natural resources, especially on oil in economic sense. Besides, Kazakhstan is the most dependent former Soviet Republic in terms of its physical infrastructures such

[216] Davut Han Aslan and Duygu Bozyigit, "Turkey-Kazakhstan Relations: An Overview Of Mutual Relations Since The Collapse Of The Soviet Union.", *Vistula Scientific Quarterly,* Vistula University, Vol. 4, No 42, 2014, pp. 133-145.

[217] *Ibid,* p. 138.

[218] The Economic Cooperation Organization (ECO) is an intergovernmental organization consisting of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan. It is founded by Turkey, Iran and Pakistan in 1985. Common objective of the organization is to establish a single market for goods and services, much like the European Union. The ECO is also an ad hoc organization under the United Nations Charter. Secretariat and cultural department of the organization are located in Tehran, its economic bureau is in Turkey and its scientific bureau is situated in Pakistan.

as pipelines, industrial production and electricity[219]. For changing this dependency, Turkey-Kazakhstan relations were crucial for Kazakhstan. Turkey and Kazakhstan established economic ties besides military and cultural cooperation. The Double Taxation Avoidance Agreement", "Trade and Economic Cooperation Agreement" and "Reciprocal Promotion and Protection of Investments" are fundamental agreements which were signed between Turkey and Kazakhstan.

In 2004, bilateral trade volume began to grow which was affected by an economic crisis. In 2004, trade volume was nearly 800 Million USD. After 2010, trade volume between Turkey and Kazakhstan were between 2-4 Billion USD. However, in 2015, trade volume reached to 2,2 Billion USD[220].

Years	Exports	Imports	Volume
2004	355,6	442,2	797,8
2005	460	558,9	1.018,9
2006	696,8	993,7	1.690,5
2007	1.080	1.284	2364
2008	890,6	2.332,0	3.222,6
2009	633,4	1.348,9	1.982,3
2010	819	2.471,0	3.289,9
2011	948,3	3.020,0	3.967,8
2012	1.068,6	3.371,0	4.439,6
2013	1.039,4	3.106,1	4.145,5
2014	977,5	2.453,4	3.430,9
2015	750,4	1.389,6	2.139,7
2016	624,5	1.334,5	1.959,1

Source: Foreign Economic Relations Board (DEİK), Kazakhstan Country Bulletin, Annual Report 2012, p.9. Ministry of Economy of Turkish Republic, Country Profile of Kazakhstan 2016 (2013-2016 Data), p.5.

Table 2: Bilateral Trade between Turkey and Kazakhstan (million dollars)

As much as imports and exports, foreign investment has been crucial for Kazakh economic structure. The "Investment Law" of January 8, 2003, which

[219] Pamela Blackmon, "Back to the USSR: Why the Past does Matter in Explaining Differences in the Economic Reform Processes of Kazakhstan and Uzbekistan," *Central Asian Survey*, Vol. 24, No 4, 2005, pp. 391-404.

[220] *Kazakhstan Trade Statistics*, Ankara, Ministry of Economy of Turkish Republic (2013-2015), October 2017.

invalidated the previous "Law on Foreign Investments" of 1994 and the "Law on State Support of Direct Investments" of 1997, has been the current law to regulate the activities of all foreign investors in Kazakhstan since then. According to the new regulations, the foreign investors gain the same rights as the domestic investors, except for the sectors limited by law[221].

Turkey also had foreign investments in telecommunication, construction, oil and gas, supermarket sectors in Kazakhstan. The largest Turkish investor was Turkish Petroleum Corporation (TPAO/TPC) in the country. Until its leaving the country, TPAO held the majority of shares of the joint venture: KazakTurkMunay (KTM)[222].

Since independence, pipeline policy is vital for Kazakhstan. Kazakhstan's main foreign policy issue is exporting of hydrocarbons to the Western markets. Kazakhstan has major pipeline network both to the West and the East. In addition to two pipelines passing through Russia, which connects Tengiz field and Atyrau to the Russian pipeline network, Kazakhstan has a pipeline link to China which begin in Atasu in northwestern Kazakhstan and eventually ends in Alashankou in the Xinjiang region of northwestern China[223]. Besides, Baku-Tbilisi-Ceyhan Pipeline (BTC) passes through Turkey in which the oil flows from Aktau to Baku via sub-sea trans-Caspian Pipeline.

The BTC pipeline is a major cooperation between Turkey and Kazakhstan. Kazakhstan was interested in the BTC project because the project offered alternative options of diversifying exports routes. Besides, Kazakhstan would be the source country for the pipeline. Planned capacity was 50 million tons and except Kazakhstan, the only source option would be Azerbaijan which would not be enough to supply all needs. Therefore, for the pipeline project, Kazakh participation was very important. At first, Kazakhstan was expected to provide 7.5 million tons of oil annually, later it would rise to 20 million tons.

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[221] *Kazakistan Ülke Bülteni*, Ankara, Dış Ekonomik İlişkiler Konseyi (DEİK), 2012, p. 9.

[222] However, TPAO sold its stakes in KTM and exited from the country due to the disputes over taxation issues.

[223] Hayriye Kahveci, *The Political Economy of Oil In Kazakhstan*, PhD Thesis, Ankara, Middle East Technical University, Graduate School of Social Sciences, 2007, p. 181.

However, the Russian Federation has been trying to continue Kazakhstan's dependency on Russia. Apparently, Russia has always been using the power of its hydrocarbon resources as a foreign policy tool. As a result, Russia was always against the possible expansion of BTC. Besides Russia, pressed Kazakhstan for the expansion of the pipeline and threatened with economic and military actions which became popular after the Georgian Crisis in 2008. As a result of that pressure, Kazakhstan withdrew participation of the BTC with the construction of a pipeline from Aktau to Baku. Now, Kazakh contribution is limited to shipments only.

4.6. Conclusion

Turkish-Kazakh relations occupied an important role for both countries and in the system of international relations. The bilateral relations have reached a different level after 1991. The bilateral relations started in the field of culture, history, and brotherhood kinship. The development of bilateral relations between two countries can be summed up as follows: (1) diplomatic relations and bilateral relations, (2) mutual relations in the cultural and educational fields, (3) military cooperation and (4) cooperation in the spheres of energy[224].

Under pressure in the Soviet period, it had been difficult for Kazakhstan to develop its relations with Turkey, because of its integration to the Soviet system. However, after the USSR period, Turkey and Kazakhstan were successful in establishing a close mutual relationship. Under multilateral organizations, Turkey and Kazakhstan have shown mutual support such as the Conference on Interaction and Confidence-Building Measures in Asia (CICA) and the SCO. Besides two countries has developed military cooperation. However, the presence of Turkey in Kazakhstan is incomparable with the other countries. When we consider the energy needs of Turkey, Turkey still does not have significant projects in the energy sector. However, for the Turkish market, Kazakh energy resources are reliable sources regarding energy supply.

In this context, Turkey is a good solution for diversifying energy transportation routes for Kazakh hydrocarbon resources. The vast amount of

[224] Galiia A. Movkebaeva, "Energy Cooperation Among Kazakhstan, Russia, and China Within the Shanghai Cooperation Organization", *Russian Politics & Law*, Vol. 51, No 1, 2013, pp. 80-87.

hydrocarbon resources are a secure supply for Turkey. From the energy security perspective, Kazakhstan has a high potential to contribute to Turkish energy supply security. So, Turkish-Kazakh energy relations need new partnership apart from the KTM.

Because Turkish economy has been in need of hydrocarbons resources, especially gas for her economic growth, Kazakhstan would be one of the main suppliers to Turkey. Also, Kazakh companies, especially KMG, would take more serious roles in Turkish economy especially in the refinery and distribution sectors. For that purpose, Kazakhstan is a reliable source country.

Apart from the Middle Eastern countries, Turkey is not far from the Central Asian energy resources. The Middle East offers Turkey energy supplies too. However, the political problems and the Islamic State of Iraq and Syria (ISIS) issue make the Middle East more complicated and unreliable for energy imports. For the medium and long term, the Central Asian energy resources would be the proper solution for Turkey's energy needs. However, for the short term, after the instability in the Middle East, Middle Eastern energy resources especially Iraq would be a proper solution to strengthen Turkish Energy security.

The following chapter will examine Iraq, which is an oil-rich country and its economy is based on energy incomes like Kazakhstan. The way of projects and job development process has similar main parameters in Iraq like other energy-rich Central Asian republics and Kazakhstan. In that sense, the position of Iraqi oil and gas will be crucial for Turkish energy demand. The instability in the Middle East heading with the ISIS would make the Iraqi oil and gas resources a viable option for Turkey once the threat of ISIS is eliminated. However, in addition to oil, Turkey will need Iraqi gas in the future. At this point, energy policies of Iraq, the situation in the KRG and relations between Central Iraqi Government and the KRG will affect energy security policies of Turkey.

CHAPTER 5

ENERGY RELATIONS BETWEEN TURKEY AND IRAQ

5.1. Introduction

This chapter is organized to ensure a structure and a historical context of oil and vital role of energy security in modern Iraq, particularly, the developments about oil between the last years of the Ottoman Empire in the early 20th century to the Second Gulf War.

The chapter will cover mainly oil related issues and its consequences. The concept also covers the oil crises and their results over the Iraqi energy sector. Even the first oil discoveries and organizations in the hydrocarbon sector in Iraq will be examined.

The developments to ensure this valuable source of energy during the World War I period will ensure a better understanding of attraction of Iraq and the developments of organizations in the Iraqi energy sector today.

This chapter also includes the developments related to oil in Iraq. After 2003, Kurds have been a major player in Iraqi political economy. In the post-2003 period, KRG and Iraqi Central Government have disputes over sharing the revenue of oil and gas. Moreover, this chapter also also intends to give an information of the evolution of legal framework in oil sector and revenues.

5.2. Iraqi Energy History

From the late Ottoman Era to today, Iraqi lands are in the process of transition because of the struggle over oil and gas. Leakage of oil from the surface of the areas in Mesopotamia has been known for centuries since the Biblical times. During the 16th-17th centuries, Mosul, Baghdad, Basra and their surroundings were under the control of the Ottoman Empire[225]. But in the 18th century, an economic structure in the Middle East started to change. After the industrial revolution in

[225] Volkan Ediger, *Osmanlı'da Neft ve Petrol,* Ankara, ODTÜ Yayıncılık, 2007, p. 2.

Europe, the Ottoman Empire was in a difficult position to resist against interferences from the Great Britain, France, Austria-Hungary and the Russian Empire. Consequently, the Ottoman Empire had to make major reforms especially under the reign of Sultan Mahmud II (1808-1839). In this sense, Ottoman rulers initiated policies to strengthen their authority in peripheral provinces including Mosul, Baghdad and Basra[226].

At the same time, the Ottoman authorities became aware of the oil and its commercial potential in the Empire's Middle Eastern lands. Especially, Sultan Abdulhamid II took the control of some of the Middle Eastern areas and got the rights of these fields to his Civil List[227]. Sultan Abdulhamid II also took the areas of Baghdad, Mosul, Aleppo, Basra, Beirut, Jerusalem and Syria to his private property list in the Middle East[228]. However, the spreading power of European countries against the Ottoman Empire and the Empire's relatively weak position made it unable to act against the European countries. The Ottoman Empire started weakening financially and could not adequately invest in the far-reaching development projects in the Middle East.

At the end of the 19th century, Western companies and corporations had projected their operations to get railroad concessions. Germany and France were deprived of oil and they were trying to get concessions for territories in the Mesopotamian lands of the Ottoman Empire in order to move forward. One of the major concessions were given to Germany for constructing of the famous Berlin-Baghdad railroad. Moreover, British, Dutch, Belgian and American companies had been competing to get similar concessions[229].

After the discoveries in Iran and in Iraq, oil resources became the determining factor for the Middle East. Besides, due to its usage as a fuel, oil became a significant commodity for military and commercial uses. Increasing use of oil in military forces,

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[226] *Ibid*, p. 2.

[227] Arzu Terzi, *Bağdat- Musul'da Abülhamid'in Mirası, Petrol ve Arazi*, İstanbul, Timaş Yayınları, 2009, p. 29.

[228] *Ibid*, p. 30.

[229] *Ibid*, p. 30.

especially in naval and air forces, increased the strategic and economic importance of oil in industrial nations[230]. The most important material was oil, and we could call that period as "Oil Age." The financial structure of the countries has been transforming according to the oil output[231].

As the World War I continued, oil seemed more important for the imperial powers. Sir Maurice Hankey, Secretary of the British War Cabinet, wrote to British Foreign Secretary, Arthur Balfour to argue that oil had become crucial to Britain and oil resources of Mesopotamia would be very important in the future. As Hankey said "Control of these oil supplies becomes a first-class war aim[232]."

In the World War I period, Britain and France had exposed their political intervention to the region. At the same period, the primary attention was given to sharing of the resources between these two powers and the USA[233]. The secret Sykes-Picot Agreement which was signed in 1916 between Britain and France was only the beginning that two states shared the lands of the Middle East[234].

British had ceded much of the oil-producing area in northern Iraq to their French ally in the secret Sykes-Picot Accord. At that time British diplomacy aimed to control Iraqi oil fields. To this end several days after, British forces raced to capture the key northern city of Mosul, the armistice was signed. At the same time, French politicians saw Mesopotamian lands as a critical energy resource for France's future military and industrial might[235]. Later, the two countries agreed to give Britain

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[230] Daniel Yergin, *The Prize; The Epic Quest for Oil, Money & Power,* New York, Simon & Shuster, 1991, p. 167.

[231] Fred Halliday, *The Middle East in International Relations, Power, Politics and Ideology*, Cambridge, Cambridge University Press, 2005, p. 270.

[232] Daniel Yergin, *The Prize; The Epic Quest for Oil, Money & Power,* New York, Simon & Shuster, 1991, p. 188.

[233] *Ibid*, p. 270.

[234]Known as the Asia Minor Agreement. It was a secret agreement signed between Great Britain and France. The agreement defined their spheres of influence and control in Southwestern Asia. The agreement was based on the premise that the Triple Entente would succeed in defeating the Ottoman Empire during World War I. It was signed 16 May 1916. The deal was exposed to the public in Izvestia and Pravda on 23 November 1917 and in the British Guardian on November 26, 1917. The World War I Document Achieve, *Sykes-Picot Agreement,* accessed September 17, 2017, https://wwi.lib.byu.edu/index.php/Sykes-Picot_Agreement.

[235] Rex J. Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospect,* Cambridge, Cambridge University Press, 2009, p. 3.

the political control over all Mesopotamia, in return French took the German share in the Turkish Petroleum Company (TPC). French Government set up the Compagnie Francaise des Petroles (CFP)[236] in 1924 take up the French share in Iraq[237].

At first, France got rights to take control of Mosul. However, this surrender outraged British Prime Minister Lloyd George and many officials in the British Government. The issue ended with capturing of British forces Baghdad in 1917[238]. British diplomats predicted that during the negotiation process, France was searching support for defending its interest against Germany[239]. Later, in the Paris Conference in 1919, the Entente Powers were entitled to mandate over the territories in the Middle East with the formation of the League of Nations[240].

Lord Curzon, the British Foreign Secretary during the First World War period, denied that oil interests of Britain influenced policies in Iraq. However, British archives show that to gain control of oil fields in the northern part of the Iraq, the British Government sent troops to Mosul in 1918. In that period of the century, British and French forces were in conflict over Iraq's oil during the Versailles Conference and after that, Britain eventually took the lion's share of Iraqi lands.

The first oil organizations in Iraq were established in this period. The powerful Iraq Petroleum Company (IPC) which was established as TPC and in which French and American companies held the minority positions. They always acted together with Anglo-American companies. IPC kept monopoly positions of Iraqi oil sector until its nationalization in 1972[241].

In April 1920, after the San Remo Meetings, which was an Allied Supreme Council as an outgrowth of the Paris Peace Conference, the mandate status of Iraq

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[236] Ancestor of today's French energy giant Total S.A..

[237] *Ibid*, p. 3.

[238] Daniel Yergin, *The Prize; The Epic Quest for Oil, Money & Power*, New York, Simon & Shuster, 1991, p. 188.

[239] *Ibid*, p. 181.

[240] Entente powers were Britain, France and Russia.

[241] Rex J. Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospect*, Cambridge, Cambridge University Press, 2009, p. 6.

was granted. Iraq became a mandate of Britain[242]. In the Paris Peace Conference, the Sevres Treaty was signed. According to the Sevres Treaty, in August 1920, Britain seized Mosul Province and oil-rich Kirkuk territory[243].

After the Lausanne Treaty signed in 1923, the Turkish Republic was founded, and the northern part of Iraq became a neighbor to Turkey. Later, Turkey and Britain had trouble about the left border issue and the status of Mosul to the League of Nations. Later, in December 1925, the Commission left Mosul under the Iraqi control[244].

In this period, with the new explorations in Iraq, the price factor began to play a decisive role in the global oil market. Oil prices began to decrease in that period[245]. At the same time the Iraqi government agreed to give oil concessions to the Turkish Petroleum Company[246].

IPC, the former Turkish Petroleum Company[247], entered the world oil market as a major shareholder of the Iraqi oil. The shareholders of the company were: British and Dutch joint venture Royal Dutch-Shell Corp. -23,75%, British Anglo-Iranian Oil Co.Ltd. -23,75%, French Compaigne Française des Petroles -23,75%, American Near East Development Co. -23,75, Calust S. Gulbenkian-5%. Besides, IPC was the main player also in Mosul Petroleum Company and Basra Petroleum Company which had operations in Iraq[248].

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[242] Charles Tripp, *A History of Iraq*, New York, Cambridge University Press, 2007, p. xii.

[243] The treaty was signed on 10 August 1920, at the Manufacture nationale de Sèvres porcelain factory in Sèvres, France. The Sèvres treaty marked the beginning of the partitioning of the Ottoman Empire, and its ultimate annihilation. The terms it stipulated included the renunciation of all non-Turkish territory that was part of the Ottoman Empire and its cession to the Allied administration. See Wikipedia, *The History of Sevres*, accessed October 31, 2017, Sehttps://en.0wikipedia.org/index.php?q=aHR0cHM6Ly9lbi53aWtpcGVkaWEub3JnL3dpa2kvVHJlYXR5X29mX1PDqHZyZXM

[244] Charles Tripp, *A History of Iraq*, New York, Cambridge University Press, 2007, p. 57.

[245] Walter Adams et al., "Retarding the Development of Iraq's Oil Resources: An Episode in Oleaginous Diplomacy 1927- 1939", *Journal of Economic Issues,* Vol. 16, No 1, 1993, pp. 69-93.

[246] Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospect*, p. 4.

[247] *Ibid*, p. 6.

[248] *Ibid*, p. 4.

In 1930, Britain and Iraq signed a new treaty that pledged independence to Iraq[249]. On the eve of World War II, oil became even more important in Iraq's economy[250]. Oil was a factor of continuity in Iraq; it also stimulated the developments, power balances and emerging of the new actors into the world system. In the course of World War II, American Exxon Mobil entered into a partnership with the Iraqi Oil Company.

In the same period, Israel stepped into the Middle Eastern political arena and opened a new chapter of problems. Due to the peace initiative in the Middle East between the Arab countries and Israel, oil exporters in the region were getting higher incomes through the 1950s, and they tried to increase the volume of the petroleum sold. At that period both markets were seeking oil[251]. After the nationalization of the Anglo-Iranian Oil Company and Suez Canal Dispute in Egypt, the nationalist spirit which was strong in the Middle East also had reflections on Iraq.

In 1958, a revolution took place and monarchy was overthrown in Iraq. In Baghdad, the Republic of Iraq was established. Abd al-Karim Qasim became the Prime Minister, Defense Minister and Chief Commander of the country[252]. In those years, Iraqi economy which was heavily depended on oil revenues. Also the economic structure of Iraq shared major similarities with the economies of the underdeveloped countries. The manufacture sector composed nearly 10% of the GDP and as usual, agriculture sector contained major part of workforces[253].

In the same period, petroleum producer and exporter countries under the influence of nationalism in the Middle East held the Arab Petroleum Congress in 1959. Iraq did not join the Congress. At the end of the Congress, a Gentlemen's Agreement was signed. The agreement formed the basis of the Organization of the

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[249] *Ibid*, p. 4.

[250] Marion Farouk Sluglett and Peter Sluglett, *Iraq Since 1958 From Revolution to Dictatorship*, London, New York, I.B. Tauris, 2001, p. 216.

[251] Daniel Yergin, *The Quest: Energy, Security and the Remaking of the Modern World*, London, Penguin Books, 2012, p. 486.

[252] Charles Tripp, *A History of Iraq*, New York, Cambridge University Press, 2007, p. xiii.

[253] Marion Farouk Sluglett, and Peter Sluglett, *Iraq Since 1958 From Revolution to Dictatorship*, London, New York, I.B. Tauris, 2001, p. 216.

Petroleum Exporting Countries (OPEC) which was the first joint unit against the major oil companies[254]. So, in September 1960 OPEC was founded with the participation of Iran, Saudi Arabia, Kuwait, Venezuela and Iraq[255].

At the same time in Iraq, Qasim declared his intention to create a national petroleum company with the promulgation of Law numbered 80. According to the law, the Great Board of Oil Affairs, Oil Administration Council, the Oil Refinery Administration, and the Petroleum Products Department gathered under the Oil and Minerals Ministry.

In the same period, Iraqi Ba'ath Party organized a coup in February 1963 and took control of the country. However, in November 1963 Abd al-Salam Arif and his clique got the control of the country. Arif continued Qasim's actions in the field of oil issue, by establishing Iraq National Oil Company (INOC) in 1964. The company was responsible for all areas of oil within the boundaries of Iraq except refinery and distribution[256].

In 1967, Iraqi Government promulgated Law numbered 97. The Law numbered 97 made INOC the holder of the rights for development of the confiscated oilfields where IPC had been holding rights[257]. However, Iraqi economy and oil sector were in need of foreign investment and capital for technology, resources and infrastructure. Iraqi Government allowed international companies from Russia and France to operate in the oil sector. French state company Enterprise de Recherches et D'activités Pétrolières (ERAP) signed a service agreement with INOC[258]. According to the agreement, ERAP was the responsible side for exploration and 30% of the oil production[259].

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[254] Daniel Yergin, *The Quest: Energy, Security and the Remaking of the Modern World*, London, Penguin Books, 2012, p. 490.

[255] Tayyar Arı, *İran, Irak, ABD ve Petrol,* İstanbul, Alfa Basın Yayın Dağıtım, 2007, p. 184.

[256] Benjamin Shwadran, *The Middle East Oil and The Great* Powers, New York, I.P.S.T., 1974, p. 279.

[257] *Ibid*, p. 277.

[258] *Ibid*, p. 279.

[259] *Ibid*, p. 280.

In the wake of the coup in 1968, Arab Ba'ath Socialist Party took power. A year later, countries in the Socialist bloc began to help Iraq. Iraq signed agreements with the USSR, Hungary and East Germany to receive aid, technical support and training aid for the national oil industry. In 1969, Saddam Hussein became the Vice Chairman of the Revolutionary Command Council. He believed that production capacity was the vital point for Iraq to gain more revenue and to become a more independent country. Under these circumstances, Iraqi Petroleum Company was nationalized. The nationalization of Iraqi Petroleum Company in 1972 was a milestone in the oil history of Iraq and an important step for Iraqi nationalism becoming influential over the economic structure. Nationalization of the oil sector created opportunities for Iraq to secure capital to implement infrastructure projects and modernization of armed forces. A year later the Arab-Israel War began. Thus, governments got the opportunity to rise the price of oil[260].

5.2.1. The First Oil Crisis

Arab-Israel War caused the first oil crisis erupted in 1973. During the crisis, Iraq, Qatar, Saudi Arabia, Libya, Kuwait, Abu Dhabi and Algeria, declared reduction of their oil production by 5% each month until Israel withdraws from all Arab territories. Besides, Arabian oil exporters, apart from Iraq and Libya, decided further reduction in their production levels after the Yom Kippur War in 1973, and initiated an embargo on the USA. By the end of the embargo in March 1974, the price of oil had risen from 3 USD per barrel to nearly 12 USD globally[261]. In this period, Iraq gained higher levels of income due to the increasing price of oil.

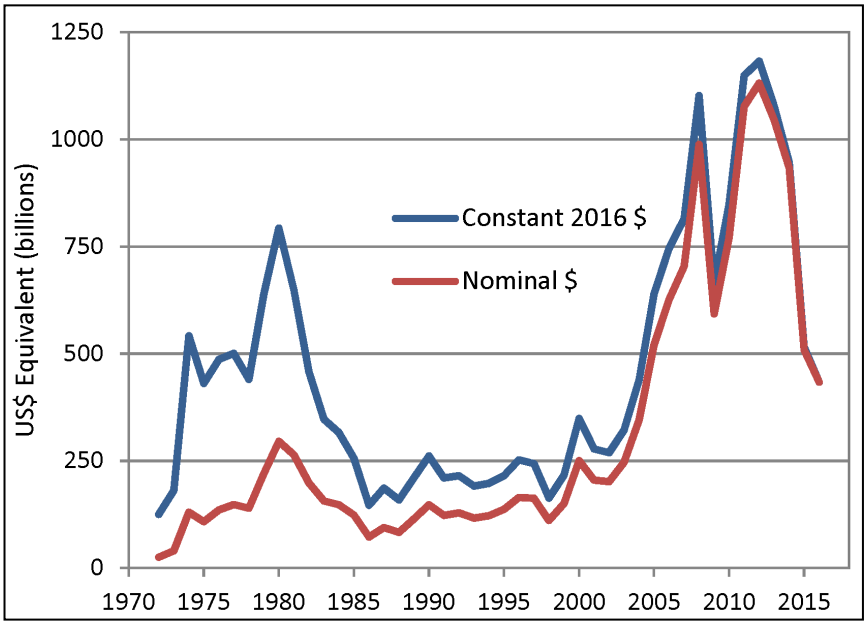
Oil crisis created panic in the USA and Europe. Both the USA md Europe felt the effects of the economic crisis. The crisis proved the importance of oil for the West. With the crisis, the status of dollar was reshaped. Following the World War II, oil transactions were priced by dollar. A sharp increase of dollar meant that the need to this currency increased. Revenues of OPEC countries in dollar entered into a cycle and British and American banks began to compete to give loans to the

[260] "Government raised prices to $5.12 per barrel, so their revenue increased from $1.28 per barrel to $ 3.04 per barrel"

[261] U.S. Department of State; "Oil Embargo, 1973-1974", May 9, 2017, https://history.state.gov/milestones/1969-1976/oil-embargo, (Accessed October 30, 2017).

underdeveloped countries which had to import oil and to pay in dollars[262]. Besides, OPEC had reached a decision to price transactions only by the US dollar[263].

Figure 14: OPEC Net Oil Export Revenues



Source: Wikipedia[264]

The price boom transformed the economy of Iraq. During 1950s-1960s the oil revenues in Iraqi budget had a marginal effect, however, with the price-boom oil revenues constituted a very large amount in the budget. The budget that was heavily consisted of oil revenues was spent for national defense and security. That made the economy more fragile to the oil price imbalances. Thus, the target was to diversificate the sources of revenues, however, with the oil price boom, the share of the oil sector in the economy increased from 26.4% in 1974 to 60,4%[267].

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[262] William Engdahl, *A Century of War, Anglo American Oil Politics and the New World Order*, İstanbul, Alfa Yayınları, 2008, p. 199.

[263] *Ibid*, p. 216.

[264] Wikipedia, "Petrodollar Recycling, OPEC Net Oil Export Revenues", http://www.wikizero.org/index.php?q=aHR0cHM6Ly9lbi53aWtpcGVkaWEub3JnL3dpa2kvUGV0cm9kb2xsYXJfcmVjeWNsaW5n (Accessed October 22, 2017).

[267] U.S. Department of State; "Oil Embargo, 1973-1974", May 9, 2017, https://history.state.gov/milestones/1969-1976/oil-embargo, (Accessed October 30, 2017).

5.2.2. Kuwait Invasion

In 1979, the Shah Regime was overthrown in Iran and Ayatollah Khomeini took control of the country. The change of the regime in Iran also increased the oil prices due to the suspension of oil flow from Iran, creating the second oil crisis. The second oil shock also had effects on Iraq. The increase in oil prices caused difficulties in Western economies and Japan as well. The price of crude oil more than doubled to USD 39.50 per barrel [268].

The first and second oil crises resulted in oil price turbulence, the price boom boosted the demand for the dollar, and caused the "petrodollar recycling." The result was the increase in the armament race for petroleum exporting countries and the increase in US arm sales[269].

The armament race broke the mutual trust in the Middle East and caused a war between Iraq and Iran in 1980 that lasted for eight years. The reasons for war were economic and geographic. The Iran-Iraq War had effects for Iran, Iraq and the international oil system. On the side of Iraq, Iraq was trying to increase the oil export by creating new export routes like through Turkey and Saudi Arabia. However, the war with Iran destroyed some of the oil infrastructures, and Iraqi revenue from oil turned upside down.

Shortly after the Iran-Iraq War, in August 1990, the Iraqi forces invaded Kuwait. From the Iraqi side, economic issues opened up a way to the invasion of Kuwait. During that period, Iraqi economy had problems to distribute revenues between private and public sectors. And the decline in the revenues led to a more aggressive state, especially in the political and economic arena[270].

Another reason was the price of oil. In OPEC, production quotas and the oil prices were set. However, some of the countries preferred to increase their revenues by using prices as a tool because they did not have a choice to ramp up their production.

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[268] *Ibid.*

[269] William Engdahl, *A Century of War, Anglo American Oil Politics and the New World Order,* İstanbul, Alfa Yayınları, 2008, p. 214.

[270] Baskın Oran, *Kalkık Horoz, Çekiç Gücü ve Kürt Devlet,* Ankara, Bilgi Yayınları, 1996, p. 69.

Besides, Iraq believed that Kuwait was developing the oil which belonged to the people of Iraq. Accordingly, the Iraqi government interpreted Kuwait's policy against the Iraqi State and blamed Kuwait for stealing oil by slant drilling from the Rumalia field. Saddam's Kuwait intervention was not based on any religious motivation; his war was based on the motive of gaining economic advantage over the oil resources[271].

On August 1990, after the Irai invasion of Kuwait, United Nations Security Council (UNSC) accepted Resolution 661 to set up sanctions and start an economic embargo for Iraq. After the Resolution 661, both Turkey and Saudi Arabia decided to stop the shipments[272]. Then resolutions 667-670 covering air blockade were accepted[273]. In November 1990 UNSC adopted Resolution 678 that granted an extension period to Iraq to withdraw its forces from Kuwait till January 1991. After this period, the USA together with its 28 allies started to a bombardment called Operation Desert Storm. In February 1991, the Iraqi Government accepted the ceasefire and approved the UNSC Resolution 686.

On April 1991, UNSC adopted Resolution 687 and Resolution 688 that included Kuwait's recognition, destruction of all non-conventional weapons of Iraq and the continuation of the economic sanctions. In 1995, UNSC approved Resolution 986 that allowed Iraq to sell 2 Billion bopd[274] of oil for six months to meet its needs[275]. The embargo on Iraq meant that 4 million bopd of oil could not reach the international system. To compensate the supplies, Saudi Arabia, Venezuela and the United Arab Emirates increased their oil productions. After a while first, in 1998 UNSC Resolution 1153[276] was approved which allowed Iraq to export USD 5.26

[271] Slavoj Zizek, *Ödünç Alınan Irak Çaydanlığı*, İstanbul, Encore, 2004, p. 22.

[272] Oran, *Kalkık Horoz, Çekiç Gücü ve Kürt Devlet,* p. 69.

[273] *Ibid*, p. 70.

[274] Barrels of oil per day.

[275] *Resolution 986,* New York, United Nations Security Council (UNSC), April 1995, p. 3.

[276] *Resolution 1153,* New York, United Nations Security Council (UNSC), February 1998, p. 3.

Billion of oil. Then Resolution 1284[277] was approved and all the restrictions for oil export were removed.

After the Gulf War period, Saddam Hussein tried to change the currency in the oil transactions that Iraq made. In September 2000, Saddam Hussein he announced that Iraq would soon started to transit its oil export transactions by Euro[278]. Besides, the Iraqi government opened a bank account in French BMP Paribas Bank and began the deposit oil for food program. It was a crucial decision for the USA because if the Euro based transactions would spread, it would weaken the position of USD. These moves made Iraq a target for the USA.

5.3. Post-2003 Era in Iraq

5.3.1. Iraqi Invasion

In early 1990s, the consensus was that the period after the bipolar world would be different. That transformation showed that military power on its own does not make a country strong, as such according to the liberals the hegemonic country had to promote an open market economy. For Fukuyama, history came to an end and liberal democracy has succeeded[279]. World System Theorists saw the hegemon as a guarantor for the globalization of the capitalism. So, they saw the hegemonic power as a necessity[280].

These arguments supported the process of the US invasion of Iraq. But, on the other hand, there are some arguments that see the oil resources as the main reason of the invasion. But when we looked back, the USA was one of the major oil producers till the end of the 1970s; however, to compensate for depletion of its reserves, the USA had to dominate the major oil resources such as the Middle East. As Noam Chomsky states "the USA wanted to manage the oil since it was an

[277] *Resolution 1284*, New York, United Nations Security Council (UNSC), December 1999, p. 2.

[278] Faisal Islam, *"*Iraq nets handsome profit by dumping dollar for euro*"*, *The Guardian*, February 16, 2003.

[279] Francis Fukuyama, *The End of History and the Last Man*, New York, Free Press, 2006, p. xiii.

[280] Raymond Hinnebusch, "*Hegemonic Stability Theory Reconsidered: Implications Of The Iraqi War"*, eds. Rick Fawn and Raymond Hinnebusch, *The Iraq War: Causes and Consequences*, Boulder, Lynne Rienner Publishers, 2006, p. 283.

instrument of the world domination[281]." However, when we look at the relations of the USA in the international arena, energy security has been the major issue and major priority intensifying the ties between the USA, European Union (EU) and the NATO.

Like other oil-producing countries, the economy of Iraq is based on the oil sector. However, the instability in Iraq made accessing oil and gas resources harder than before. For Iraqi case main arguments of US to invade this country as follows:

a. the purpose to spread democracy,

b. the aim to strengthen its hegemony,

c. The desire of holding the hydrocarbon resources.

However, according to Chomsky, the main motives of the invasion were to control the Arab oil and to support Israel about the Palestinian issue[282]. The nuclear armament claims of Iraq was one of the courses of the intervention[283]. In September 2001, 9/11 attacks were realized against World Trade Center in New York and Pentagon in Washington DC. After 9/11, the intervention of Iraq was counted as an action against Radical Islam. In the end, the Bush administration has found ideal conditions and adequate causes to place military forces in the Middle East. After the 9/11 attacks, the USA has pursued harsh policies against Iraq.

5.3.2. Interest Over Iraqi Oil

In our era, reaching the cheapest energy resource is regarded as the main input for growth and economic development Although the shale revolution in the energy sector brought some advantage to USA's net oil importer position, the Middle East cannot be ignored due to its relatively lower discovering and drilling costs. In

[281] Noam Chomsky and Gilbert Achcar, "*Tehlikeli Güç: ABD'nin Dış Siyaseti ve Ortadoğu: Terör, Demokrasi, Savaş ve Adalet Üzerine Diyaloglar",* İstanbul, İthaki Yayınları, 2007, p. 101.

[282] *Ibid*, p. 56.

[283] Immanuel Wallerstein, *Liberalizmden Sonra*, İstanbul, Metis Yayınları, 1998, p. 184.

addition to this argument, China also needs oil resources from the Middle East, so Iraq also an ideal foreign oil import location for the Chinese leadership[284].

Moreover, Iraq has a great importance in oil sector due to the low costs of drilling. Drilling costs for discovering oil is one of the lowest in the region. So, predictions are significant in displaying how vital drilling costs to keep prices at certain equilibrium[285]. Not only maintaining the oil at a reasonable price is crucial, but also gaining strategic advantages against other petroleum companies and countries is also essential. In that sense, while the USA was encouraged to invade Iraq with the support of Spain, Portugal, Britain and Poland; Russian Federation, Germany, France and China stood against the invasion[286].

Iraq's proven oil reserves correspond to 9% of world oil reserves. However, in Iraq, just 17 out of 80 oil fields have been developed and still Rumalia in the south and Kirkuk in the north take precedence among other fields[287]. In addition to its high reserve capacity, the amount of cost between 3-5 billion USD per million barrels per day (mbd) also makes Iraq more attractive. Iraqi output comes from 1.600 wells able to produce nearly 3 mb/d[288]. Ministry of Oil intended for increasing the production to 2.5 mb/d level. With the promulgation of a new law (in September 2003), foreign investors are given the opportunity to do business having 100% percent of the companies with the exception of the national resources, more clearly the oil sector.

After the invasion, in the transition period, the Coalition Provisional Authority (CPA) was created. But in that period the lion share was taken by American companies. The CPA was unprepared to establish a system for foreign

[284] William Engdahl, *A Century of War, Anglo American Oil Politics and the New World Order,* İstanbul, Alfa Yayınları, 2008, p. 367..

[285] Noam Chomsky and Gilbert Achcar, "*Tehlikeli Güç: ABD'nin Dış Siyaseti ve Ortadoğu: Terör, Demokrasi, Savaş ve Adalet Üzerine Diyaloglar",* İstanbul, İthaki Yayınları, 2007, p. 56.

[286] Rex J. Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospect,* Cambridge, Cambridge University Press, 2009, p. 248.

[287] Lawrence Kumins, "Iraq Oil: Reserves, Production and Potential Revenues", ed. Jean. P. Manning, *Iraq Government, U.S Forces and Oil*, New York, Nova Science Publishers Inc., 2005, p. 144-160.

[288] Million barrels per day.

investment and cash flow[289]. On the one hand there was a public call for foreign investment, but on the other hand, there was a need to decrease the risks in order to raise capital flows to the country. CPA was criticized for giving priority to the American and coalition forces' companies (especially oil and reconstruction sectors) while the former treaties and contracts signed by the Saddam Regime would be declared void and null [290].

Accordingly, first of all American companies, Texas, Chevron, Halliburton and British companies, British Petroleum (BP) and Royal Dutch Shell (Shell), signed agreements for new projects in Iraq[291].

In the transition period, UNSC already reached a compromise on the right of the Iraqi people to control over their own resources. And the management of oil revenues was planned to be used to the benefit of Iraqis[292]. So, it was believed that oil would help to promote the welfare and freedom and welfare of the Iraqi people.

At first, the CPA controlled the revenues came from oil exports and established its authority to the Iraqi units, however when the Iraqi Governing Council took charge, problems over sovereignty emerged. The CPA transferred its power to the Iraqi Governing Council. Besides, the results of the January 2005 National Elections showed, that there was an edge in the political positions within the state departments of Iraq. The elections were held under the supervision of the UN. It was planned by the countries, which started the Operation of Iraqi Freedom, that democratization was spread with the help of the economic liberalization and establishment of the market economy during the transition period. The debates have always been around the allocation of the oil revenues because in 2005 and 2006 more than 95% of government revenues were coming from the oil sector[293]. In that sense and oil and gas law was an important process that contributed a lot to the economy of Iraq.

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[289] Philipe Le Billon, "Corruption, Reconstruction and Oil Governance in Iraq", *Third World Quarterly*, Vol. 26, No 4, 2005, pp. 679-698.

[290] *Ibid*, p. 686.

[291] *Ibid*, p. 695.

[292] *Ibid*, p. 695.

[293] *Ibid*, p. 687.

5.4. Energy Security of Iraq

At the end of the 19th century, just before World War I, oil became a strategic component for the Western economies. During that period, British financial interests were prominent in controlling the National Bank of Turkey, collaborated with the Deutsche Bank that was seeking the oil and gas concessions from the Ottoman Empire.

In 1912, the German-British venture reorganized itself under the name of TPC. The Ottoman Armenian Calust Gulbenkian successfully brought Ottoman side and TPC side in an oil and gas concession that covered much of Iraq[294]. The starting shareholder's structure was the National Bank of Turkey - 50% shares, Deutsche Bank and Royal Dutch Shell both have 22,5% shares and Gulbenkian a 5% nonvoting share. Then, National Bank of Turkey's interest had been purchased by Anglo-Persian Oil Company (APOC)[295].

The TPC made a major discovery in Baba Gurgur field in 1927 and re-organized itself as IPC in 1929[296]. During the World War II, due to the problems about seagoing commerce in the Mediterranean was quite perilous, Iraq's oil production was generally used in the Middle East. The post-war years, in Iraq, Zubair (1948), Rumalia and Bai Hassan (1953), Jambur (1954) fields were discovered. From these fields, crude oil was exported directly from Basra[297].

The rise of pan-Arab nationalism in Iraq had certain results such as the adoption of Law No.80 and the nationalization of IPC. All non-producing fields held by IPC under the 1925 concessions were nationalized[298]. In the following years, INOC was established and took the right to control the untapped lands, amounted approximately to 99,5% of lands formerly under IPC concession. By the 1971-1972, Iraq completed nationalization of all IPC with the Law No.69 adopted in 1972[299].

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[294] Rex J. Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospect,* Cambridge, Cambridge University Press, 2009, p. 4.

[295] Predecessor to Anglo-Iranian Oil Company or today's BP.

[296] Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospect,* p. 6.

[297] *Ibid*, p. 7.

[298] *Ibid*, p. 7.

[299] *Ibid*, p. 7.

With the nationalization, the crude oil production which was about 2 million barrels per day (mbpd), rose to 3,5 mbpd[300] in 1979. In 1987, Saddam Hussein regime transferred the authority in oil and gas sector from INOC to the Ministry of Oil.

In 1954 the production by IPC was about 600.000 bopd. In 1955 the number increased to 650.000 bopd. During the Arab-Israeli War production fell to 427.000 bopd, however in 1958 rose to 698.000 bopd[301]. With the Law No.61, the first wave of nationalizing started. In 1971-72 the second and more comprehensive wave was realized by the government. The production was about 1,6 million bopd[302].

By the time 1979, Iraqi oil production was 3,5 million bopd[303]. The Iran-Iraq War affected the production levels. By the end of the War, the production was about 2,5 million bopd[304]. Besides, the invasion of Kuwait and the quick response of the international community forced the production to 500.000 bopd in 1992[305].

After the First Gulf War, the UN imposed economic sanctions on Iraq. Iraq oil production was between 500.000-600.000 bopd range between 1991-1996. However, in 2001 UN's oil for food program was designed to permit the production level to 2,5 million bopd. Just before the Second Gulf War, the production was about 2,6 million bopd[306]. The Second Gulf War negatively affected the production and transportation capacity. During that period much of the production came from Rumalia and Kirkuk fields.

Iraq has nearly 4.400 miles of the main pipeline that transports its oil and gas resources. Historically, Iraq has pipeline links with Syria, Lebanon, Turkey and Jordan. The earliest pipeline was from Kirkuk to Jordan, Lebanon, Syria and today's Israel[307]. Then, the northern route through Turkey was constructed to the Turkish

[300] *Ibid*, p. 10.

[301] *Ibid*, p. 10.

[302] *Ibid*, p. 11.

[303] *Ibid*, p. 11.

[304] *Ibid*, p. 11.

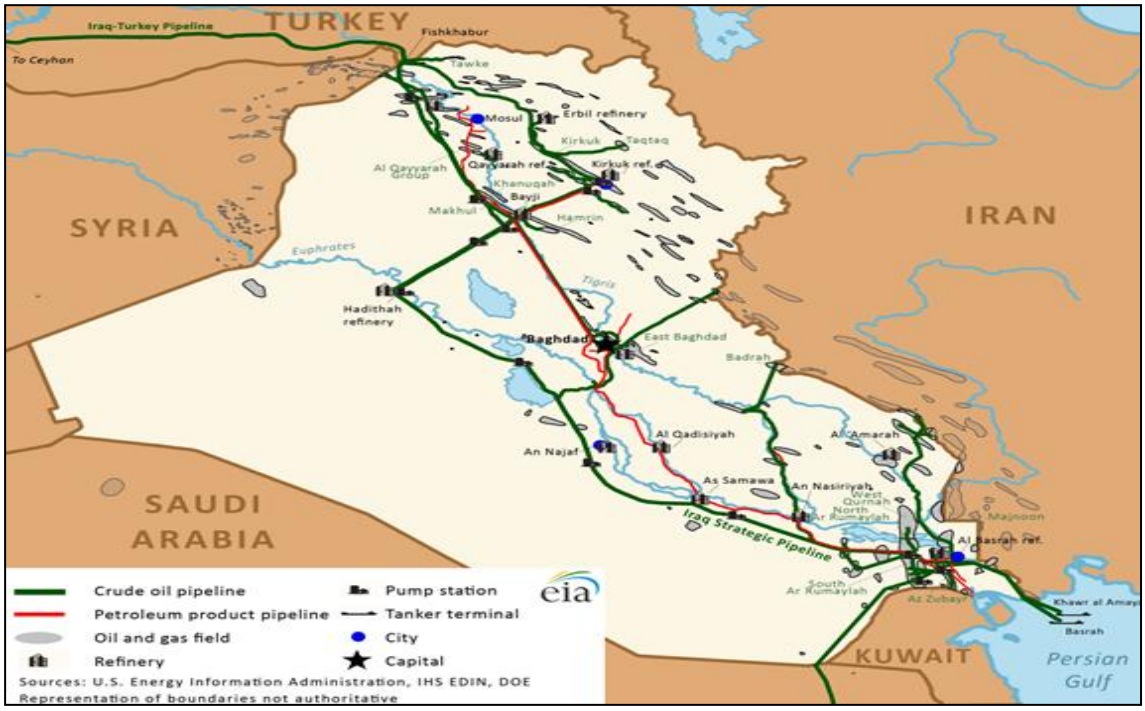
[305] *Ibid*, p. 11.

[306] *Ibid*, p. 11.

[307] *Ibid*, p. 12.

port of Ceyhan. And also from refineries in the south, pipelines were built from Basra to the Red Sea ports through Saudi Arabia.

Figure 15: Iraq's Oil and Natural Gas Infrastructure



Source: U.S. Energy Information Administration, Country Analysis Brief: Iraq, Iraq's oil and natural gas infrastructure, p.2.

After the nationalization of IPC, the Iraq-Syria-Lebanon (ISL) Line was shut down due to the conflicts between Iraqi and Syrian authorities about transit fee and Iraq's use of Syrian territory[308]. ISL line was a promising export route for Iraqi crude oil. However, the Iran-Iraq War caused shipments of Iraqi crude to stop from 1982 to 2000. With the Gulf War II, the ISL pipeline was closed again. Today because of the continuing conflict between Palestine and Israel and the ISIS in the Middle East, the ISL pipeline is not operating and has limited possibility to operate again[309].

Another Iraqi export line is in the north through the Kurdish populated northern lands to the Turkish port of Ceyhan. The Iraq-Turkey Line (ITL) is composed of two lines, first of it was operational in 1976 with a 40-inch diameter, and the second line was functional in 1987 with a 46-inch diameter. The pipeline was

[308] *Ibid*, p. 14.

[309] *Ibid*, p. 14.

constructed and operates under the agreement between Turkey and Iraq in 1973. The pipeline has 1.1 million bopd and 480.000 bopd capacity[310]. Shipments from the pipeline were suspended with the UN's sanctions. Limited exports were permitted by the UN-controlled oil-for-food program.

Another pipeline route is to Saudi Arabia. In 1985, during the Iran-Iraq War, the Saudi government permitted the Iraqi government to build a pipeline form the Az Zubair field in the southern Iraq to Petroline. The initial capacity was 500.000 bopd over the Iraq Petroline Saudi Arabia (IPSA)[311]. But with the beginning of the Gulf War I the shipments were halted.

The problems with Syria turned Iraqis to develop national export terminals. To meet that objective three facilities and linked pipelines were constructed. In 1975, the Strategic Pipeline which consisted of two parallel lines with 700.000 bopd capacity was built to connect southern and northern oil fields to export terminals at Mina Al Bakr, Khawr al Amaya and Khawr al Zubayr[312]. The Mina Al Bakr facility consists of four 400.000 bopd oil berths, Khawr al Amaya facility has 600.000 bopd capacity and Khawr al Zubayr facility has primarily serviced for the liquefied natural gas market.

At present many of the export shipments are made through the facilities in Basra, by truck and pipelines to Turkey. Also, in KRG area, there is a linked pipeline constructed to Iraq-Turkey Pipeline (ITP) to export Kurdish crude oil to Turkey. For that export option, Iraqi Central Government and KRG often have disputes over the situation of the crude oil and the payments for that exported oil. KRG authorities have disputes also with the State Oil Marketing Organization (SOMO) of Iraq.

With the nationalization of oil and gas sector in Iran during the 1950's, export from Iran to Iraq were interrupted. As a result, the Iraqi government decided to build a refinery in Baghdad, to secure the supply of refined product to the domestic needs. The Daura refinery became operational in 1953, served as one of four major refineries in Iraq. The other three are Basra Refinery in the south, Baiji Refinery in

[310] *Ibid*, p. 15.

[311] *Ibid*, p. 16.

[312] *Ibid*, p. 16.

the north and Baiji Salaheddin Refinery in the north-central Iraq. Before the Gulf War I the refining capacity was about 700.000 bopd, however because of the war the refining capacity fell down to 60.000 bopd. After the Gulf War II, the refining capacity was 597.500 bopd[313].

From 2006 on Iraq developed and made investments in the refining sector. Refineries in Najaf, Sulaymaniyah (Bazian) were commissioned. At that time Iraq had a plan to raise the refining capacity to 1.000.000 bopd[314]. So now although Iraq has 1.092.000 bopd refining capacity, after the attacks of ISIS, the acting capacity decreased[315]. One of the main refineries, Baiji was severely damaged.

However, today in OPEC, Iraq is the second largest crude oil producer after Saudi Arabia. Also, following Venezuela, Saudi Arabia, Canada and Iran, Iraq holds the world's fifth largest proved crude oil reserves[316]. According to the Oil & Gas Journal (OGJ), Iraq held 143 billion barrels of proved crude oil reserves at the end of 2015. This amount represents 18% of proved reserves in the Middle East and nearly 9% of global reserves[317].

The Ministry of Oil in Baghdad manages haydrocarbon development and production in all but the Kurdish territory through its operating entities: the North Oil Company (NOC) in the north, the Midland Oil Company (MDOC) in the central regions, the South Oil Company (SOC) and the Missan Oil Company (MOC) in southern regions.

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[313] *Ibid*, p. 18.

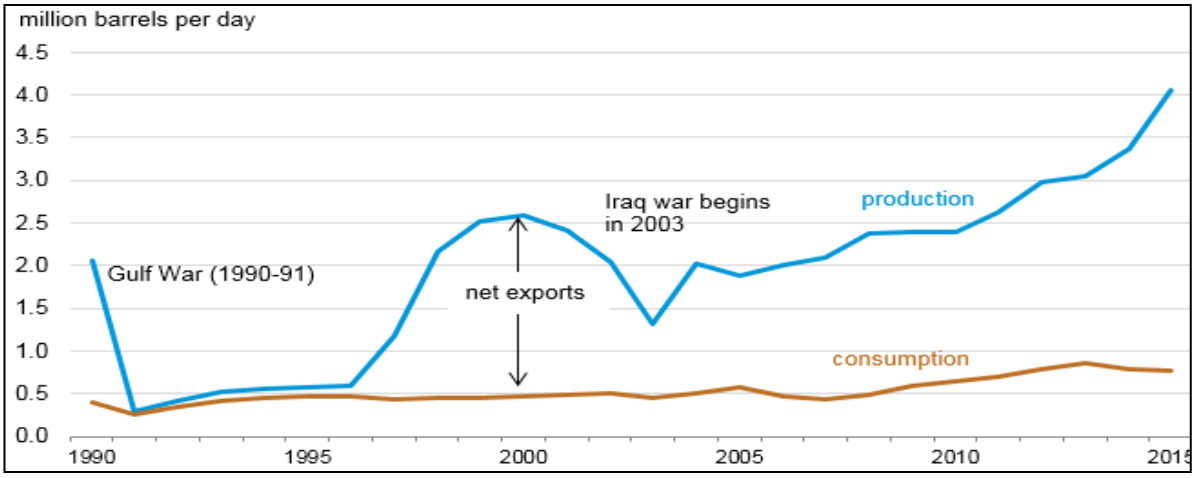
[314] *Ibid*, p. 19.

[315]U.S. Energy Information Administration (EIA), Country Analysis Brief: Iraq, April 28, 2016, https://www.eia.gov/beta/international/analysis_includes/countries_long/Iraq/iraq.pdf, (Accessed November 30, 2017), p. 7.

[316]*Ibid*, p. 1.

[317] Oil & Gas Journal, "Worldwide Look at Reserves and Production", June 1, 2014, http://www.ogj.com/articles/print/volume-112/issue-1/drilling-production/worldwide-look-at-reserves-and-production.html (Accessed November 1, 2017).

Figure 16: Iraq's Total Petroleum and Other Liquids Production and Consumption



Source: U.S.Energy Information Administration, Country Analysis Brief: Iraq, Iraq's total petroleum and other liquids production and consumption, p.4.

Iraq's crude oil production was nearly 4,1 million bopd in 2015[318], more than the production level in 2014. 3,6 million bopd of the amount produced in 2015 was produced in southern Iraq under the control of the Central Government in Baghdad, and 450.000 bopd came from northern Iraq, most of that fields operated by the KRG[319]. In addition, Iraq started to export heavy grade crude oil from Basra in 2015. According to the International Monetary Fund (IMF), crude oil export revenues accounted for 93% of Iraq's total government revenues in 2014[320]. In 2015, Iraq (excluding KRG) had slightly more than 49 billion USD in crude oil export revenue, 35 billion USD less than in 2014, despite a substantial increase in export volumes[321].

More than 70% of Iraq's oil production comes from fields that are being operated by international oil companies under technical service contracts (TSCs).

[318] *World Energy Outlook 2012-Iraq Energy Outlook*, Paris, International Energy Agency (IEA), November 2013, p. 21.

[319] *Ibid*, p. 21.

[320] *Country Report 15/235, Iraq 2015*, Washington, International Monetary Fund (IMF), August 2015, p. 33.

[321] Ben Lando and Patrick Osgood, "Iraq exports rebound but oil price does not", February 2, 2016, http://www.iraqoilreport.com/news/iraq-exports-rebound-oil-price-not-17880/ (Accessed November 1, 2017).

Nineteen of these deals have been awarded by the federal authorities through licencing rounds. One of these rounds held in 2008 and the remaining were awarded as a result of four national licensing rounds since 2009. These contracts that awarded in these licencing rounds cover all the major southern fields as well as smaller oil and gas projects elsewhere in Iraq (but not Kirkuk)[322]. Also, the KRG has intended to sign nearly 50 contracts that cover areas of substantial commercial production. The KRG estimates that it holds 45 billion barrels, although this number has not been independently verified and likely includes at least some resources in disputed areas—especially Kirkuk[323]. International oil companies (IOCs) operate under technical service contracts in Iraq, which are signed with the Ministry of Oil in Baghdad. IOCs operate under production-sharing agreements/contracts (PSAs) in the Iraqi Kurdistan Region signed with the Ministry of Natural Resources.

Over the years, KRG's intention to push IOC's to sign PSA's with the KRG authorities, has escalated tensions with Baghdad. This kind of instability made the situation uncomfortable for some IOCs that have been pressured on different occasions to reduce their investments in Kurdistan Region of Iraq.

As a result, Iraq is a very important hydrocarbon producer in the region. For energy security of Iraq, governing the structure of the resources is vital as well. When the Iraqi constitution was adopted in 2005, it contained a provision, Article 130[324], providing that laws existing at the time of the Constitution's adoption would remain in force in the absence of annulment or amendment[325].

Resolution 661 adopted following Iraq's invasion of Kuwait in summer 1990, initiated the process of regulation without any divestment of Iraqi ownership over its

[322]*World Energy Outlook 2012-Iraq Energy Outlook,* Paris, International Energy Agency (IEA), November 2013, p. 21.

[323]Ministry of Natural Resources of the Kurdistan Regional Government, "Oil Vision", http://mnr.krg.org/index.php/en/oil/vision (Accessed November 1, 2017).

[324]Iraqi Constitution, "Article 130", www.export.gov/iraq/pdf/İraqi_constitution.pdf (Accessed November 1, 2017).

[325] Rex J. Zedalis, *The Legal Dimensions of Oil and Gas in Iraq, Current Reality and Future Prospect,* Cambridge, Cambridge University Press, 2009, p. 20.

oil and gas resources[326]. However, paragraph 3 (a) of that resolution limited prohibited imports of all commodities and products originating in Iraq.

In 1996, UNSC adopted Resolution 986 by which it permitted Iraq to resume limited oil and gas exports in return for food medicine and humanitarian needs. After the Gulf War II, Resolution 148 was adopted within the weeks of the removal of Saddam from power. The resolution provided legal protection to oil and gas revenues. The Development Fund for Iraq (DFI) and International Advisory and Monitoring Board (IAMB) were established and charged with the responsibility of overseeing the sales of revenues for the benefit of the Iraqi people except 5% to be used to pay war claims.[327] In October 2003 the UNSC adopted Resolution 1511. This resolution was about the restoration of governing authority by the CPA to the Iraqi people.

5.5. Turkey-Iraq Relations

After World War II, Turkey cooperated with other countries about the Middle East such as Israel, Iran and Jordan[328]. In the Middle East after 2011, Saudi Arabia started to fear the winds of changes, started in Tunisia, the so-called Arab Spring. The rebellion began in Syria and it affected Iraq and the Ba'ath Party rule. The instability in Syria created the ISIS and threatened the sovereignty and the integrity of the country. In that period Turkey tried to contain chaos in Iraq and tried to control the Kurdish aspirations for self-determination. However, KRG government decided to have a plebiscite on 25 September 2017.

Turkey has an interest in a stable Iraq, and rejected the possible foundations of an independent Kurdish State, primarily because of its sizeable Kurdish minority in Turkey. After the second US invasion of Iraq, the relations between Iraq and Turkey shifted. On 1 March 2003 Turkish Parliament rejected to participate to the US led Invasion Forces in Iraq[329]. Turkey was pushed to reconsider political relations

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[326] *Ibid*, p.20.

[327] *Ibid*, p. 20.

[328] Hasan Turunç, "Turkey and Iraq, in Turkey's Global Strategy", *London School of Economics IDEAS Special Report*, No 7, 2011, pp. 40-44.

[329] "Tartışmalı tezkere reddedildi", *Hürriyet,* March 1, 2003.

to protect its interests in Iraq. In this context, Turkey increased its efforts towards national reconciliation of Iraqi as a result of which the US Ambassador and Sunni Arab Party representatives came together in 2005 in Istanbul[330]. During the Iraq's constitution conference program in July 2006 held in Istanbul, Turkey initiated Neighboring Countries Process.

At that period Shiite leaders were disturbed with Turkey's increasing involvement in Iraq[331]. For Iraq, Turkey is a stable country that can help to stabilize Iraqi economy and infrastructure, particularly in energy, construction and infrastructure sectors. In July 2008, Turkish Prime Minister Recep Tayyip Erdoğan visited Iraq, in which both sides agreed to develop economic relations[332]. And in October 2010 Iraqi Prime Minister Nouri Al Maliki visited Turkey following the Iraqi elections[333].

Between Turkey and Iraq relations, trade, economy and energy relations constituted increasing interdependence. For Turkey, the more Iraq is stabilized, the more opportunities for Turkish companies. Excluding the hydrocarbon sector, Turkey is Iraq's biggest commercial investor. In Iraq, nearly 120 companies are working on energy, agriculture, construction and industrial projects. Turkish companies provide manufactured furniture, goods, handicrafts and associated consumables; trade volume reached to 12 billion USD in 2013, up from 940 million USD in 2003[334]. Also, Turkey announced that it would be pleased to see the participation of Iraq in Arab free trade zone[335]. With the port of Ceyhan in Adana, Turkey is receiving oil by pipelines starting from northern fields. However, US-led

[330] *Ibid*, p. 41.

[331] *Ibid*, p. 41.

[332] "Erdoğan Pays Historic Visit to Iraq", *Dünya Gazetesi,* July 11, 2008.

[333] "Amid Baghdad Political Stalemate, Iraq's Al Maliki to visit Turkey", *Dünya Gazetesi,* October 18, 2010.

[334] Rusya'nın Sesi Radyosu, "Irak ile Türkiye ikili ilişkilerde yeni bir sayfa açtı", November 11,2013, https://tr.sputniknews.com/turkish.ruvr.ru/2013_11_11/irak-ile-Turkiye-ikili-ilishkilerde-yeni-bir-sayfa-achti/ (Accessed November 1, 2017).

[335] BBC, "Turkey agrees to plans for Arab 'free trade zone", June 10, 2010, http://www. /news/10290025 (Accessed November 1, 2017).

invasion in 2003 caused instability in northern Iraq and on Turkey-Iraq border resulting in Kurdish separatism in Northern Iraq growing dramatically[336].

The relations continued in the energy field. In the 3rd oil and gas auction in 2010, Turkish Petroleum Corporation (TPC-TPAO) was among the foreign companies with which Iraq signed deals. Furthermore, Iraqi natural gas could be connected to the Turkish national network through a pipeline to be constructed parallel to the Kirkuk-Ceyhan Oil Pipeline. For this purpose, a Memorandum of Understanding (MoU) was signed between Iraq and Turkey in August 2007 in order to supply Iraqi gas to Turkey and to Europe via Turkey[337]. Currently, the flow rate of ITC (Kirkuk-Ceyhan Pipeline) is around 300.000 barrels per day. Kurdish oil began to flow to Ceyhan[338].

By the year 2008, Turkey started to communicate with all groups in Iraq. Both Sunni and Shiite leaders saw Turkey as an essential actor to limit Kurdish desires and actions in the region. As a result, Baghdad and Ankara have recently drifted apart due to the domestic dynamics according to the Iraq's changing regional parameters. The position of the USA ended the Kurdish-Shiite alliance. Iraqi Prime Minister Nouri Al-Maliki tried nation-building and centralization. At that period Turkey was developing strong ties with KRG, based on energy issues, that Al-Maliki counted both moves as a challenge to his government[339].

From 2009, Turkey established close links with KRG. Unofficial meetings followed official relations. Turkish Foreign Minister Ahmet Davutoğlu had a meeting with Massoud Barzani both in Erbil and in Ankara[340]. Consequently in July 2010, Turkey opened a consulate in Erbil. Moreover, Turkey established connections

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[336] Hasan Turunç, "Turkey and Iraq, in Turkey's Global Strategy", *London School of Economics IDEAS Special Report*, No 7, 2011, pp. 40-44.

[337] *Ibid*, p. 42.

[338] Voanews, Iraqi Kurdistan's Oil Exports Via Turkey by Jan. 31, January 8, 2014, http://www.voanews.com/content/reu-iraqi-kurdistan-oil-expoirts-via-turkey-pipeline-expected-by-end-of-january/1826192.html (Accessed November 1, 2017).

[339] Mehmet Yeğin and Hasan Selim Özertem, "Turkey-Iraq Relations: From Close Partners to Adversaries", *German Marshall Fund of the United States*, On Turkey Analysis, 2013, p. 1.

[340] David O'Bryne, "*Turkey Meets Kurds Over Syria Chaos"*, August 1, 2012, http://archive.li/CFD3V (Accessed November 1, 2017).

with major Shia leaders such as Muqtada al-Sadr, Ammar al-Hakim, and Ali al-Sistani directly[341].

At the same time, the Iraqi government had disputes with the KRG, as it pushed centralization policies, mainly in energy and security, especially over KRG issues. Thus, KRG took advantage of the present ambiguities in the Iraqi Constitution. Besides, with the help of this advantage, the KRG started to sign oil and gas contracts with international oil companies. Baghdad tried to threaten companies by putting them on the blacklist which prevented these companies from bidding for oil and gas projects. Furthermore because of disputes between the Iraqi government and KRG, oil exports from the KRG were suspended by the former in 2012. Afterwards, Turkey began to trade with Erbil by trucks. The Iraqi government stated a warning to Turkey about the oil trade[342]. So, later on Turkish state oil company, TPAO's contract was canceled by the Iraqi Government[343].

Beyond energy issues, Iraqi government started to pressure the KRG about Peshmerga forces to get them under Iraqi Army's control[344]. Erbil did not welcome that problem and Maliki government began to cut funds for KRG Peshmerga from the national budget. Iraqi government formed Tigris Operations Command in 2012 and strengthened its military forces in Kirkuk, which is a disputed area. Its status was not legally defined in 2005 Constitution[345], although it holds 9 billion barrels of oil reserve and is very important for Turkmens and Turkey[346]. Hereof, Turkey is very delicate towards the developments in Kirkuk.

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[341] Yegin and Özertem, "Turkey-Iraq Relations: From Close Partners to Adversaries", p. 2.

[342] Reuters, "Iraq Warns Kurdish Oil Exports To Turkey Harm Ties", July 15, 2012, http://www.reuters.com/article/2012/07/15/us-iraq-oil-turkey-idUSBRE86E09O20120715 (Accessed November 1, 2017).

[343] Hurriyet Daily News, "Iraq Expels TPAO From Energy Deal", November 8, 2012, http://www.hurriyetdailynews.com/iraq-expels-tpao-from-energydeal.aspx?pageID=238&nID=34211&NewsCatID=348 (Accessed November 1, 2017).

[344] Hurriyet Daily News, "Northern Peshmerga, Central Iraqi Army Face-Off Over Border Post", July 29, 2012, http://www.hurriyetdailynews.com/northern-peshmerga-central-iraqi-army-face-off-over-border-post.aspx?pageID=238&nID=26575&NewsCatID=352 accessed (Accessed April 30, 2017)

[345] Robin Mills, "Under the Mountains: Kurdish Oil and Regional Politics", *Oxford Institute for Energy Studies (OIES)*, No 63, 2016, pp. 1-38.

[346] *World Energy Outlook 2012-Iraq Energy Outlook*, Paris, International Energy Agency (IEA), November 2013, p.52.

Maliki's policy to use army to solve the Kurdish issue increased after the arms deal with the USA to buy F-16 fighter jets and Abrams tanks[347]. Maliki supported Bashar Assad and warned him that the Syrian opposition is sabotaging the Syrian state. Nouri Al-Maliki also accused Turkey of being a bridge between Iran and Syria for transporting logistical support and weapons. In that case, Maliki portrayed Turkey as a foreign threat to Arabian interests. In fact, close relation with Iran has recently started to support the perception in Turkey about an Iran-Iraq based sectarian division in the Middle East.

Moreover, the energy agreement signed between KRG and Turkey about oil and gas production and transportation disturbs Maliki Government[348]. The Iraqi government is planning to file a lawsuit against Turkey for collaborating with the KRG[349]. After the ISIS intervention in the Middle East and Iraq, Central Government of Iraq has been in crisis about consolidating its power over all Iraq. The KRG takes advantage of the situation. In March 2017, Kirkuk Local Government voted for raising Kurdistan flag over state buildings in Kirkuk. That decision has raised the tensions in the region. Besides in February 2017, KRG leader Masoud Barzani visited Turkey and held meetings with the Turkish leaders. During the visit, the flag of the KRG was up together with the flags of both Iraq and Turkey. This issue raised the criticism over the Turkish-KRG relations in the Region.

5.5.1. Turkey-KRG Relations as an Important Factor

For Turkish-KRG Relations, Turkish contribution to the creation of *de facto* Kurdish state was the first stage. Turkey was reluctant to develop ties only with the KRG, not to antagonize the Central Iraqi Government at first. After 2008, Turkey has changed its point of view and wanted to establish strong economy based links with the KRG. Stability in this part of the Middle East would bring advantages to Turkey

[347]Alarabiya, "U.S. To Move Ahead With Arms Deal With Baghdad, Despite Concerns About Maliki", December 29, 2011, http://www.alarabiya.net/articles/2011/12/29/185206.html (Accessed April 30, 2017).

[348] Patrick Osgood, "In Kurdistan, Turkey Gas Deal Is Key Iraq Oil Report", August 1, 2013, http://www.iraqoilreport.com/news/in-kurdistan-turkey-deal-gas-is-key-11099/ (Accessed November 1, 2017).

[349] Ben Lando, "Iraq Sent Legal Threat To Turkey Wars Krg Crude Buyers", January 17, 2014, http://www.iraqoilreport.com/news/iraq-sent-legal-threat-turkey-warns-krg-crude-buyers-11743// (Accessed November 1, 2017).

against the PKK. On 4 July 2003, the Sulaymaniyah Incident (Hood Event)[350] created the worst crisis among Turkey, KRG and the USA[351]. During the transition period, Turkish Parliament approved the military intervention against PKK presence in northern Iraq (which took place on 2 December 2007)[352]. In that period, series of events in KRG revealed the consolidation of KRG's autonomous status, which alarmed the Turkish Government[353].

In September 2008, an American Congressional bill stimulated Turkey's negative behavior towards the KRG and its recognition of Iraq's federal structure as well as the Kurdish Region as legal entities. KRG's independent oil aggreements dealing with foreign companies legalized with the Regional Petroleum Law on 6 August 2007, increased that attitude[354].

For Turkish-Kurdish relations, the year 2008 was a breakthrough because of Turkish government's official recognition of the KRG[355]. Between the KRG and Turkey the first direct high-level meeting was held on 1 May 2008. In this meeting, Prime Minister of the KRG Nechirvan Barzani and Turkey's Special Envoy for Iraq Murat Özçelik and Chief Foreign Policy Adviser of the President-Ahmet Davutoğlu decided to put and edge the differences[356]. Including a peaceful solution to the PKK, both sides discussed areas of cooperation in economic and political fields. Thereafter,

[350]The Hood Event was an incident on July 4, 2003 that a group of Turkish Military Personel operating in northern Iraq were captured, led away with hoods over their heads and interrogated by the United States military. See Wikipedia "Hood Event", 2017, https://en.0wikipedia.org/index.php?q=aHR0cHM6Ly9lbi53aWtpcGVkaWEub3JnL3dpa2kvSG9vZF9ldmVudA (Accessed November 1, 2017).

[351] According to the Washington Times, "US forces caught eleven Turkish commandos and nineteen members of the Iraq Turkmen Front who were said to have attempted to assassinate Kirkuk's governor", Washington Times, "*The US had Substantial Intelligence that the Turks Were in Activity Against the Local Leadership"*, July 8, 2003, (Accessed November 1, 2017).

[352] Marianna Charountaki, "Turkish Foreign Policy and the Kurdistan Regional Government", *Perceptions,* Vol. 17, No 4, 2012, pp. 185-208.

[353] Hurriyet Daily News, "Recep Tayyip Erdoğan: PM Barzani Is A Tribe Leader, Supports PKK", June 6, 2007, http://www.hurriyetdailynews.com/pm-barzani-is-a-tribe-leader-supports-pkk.aspx?pageID=438&n=pm-barzani-is-a-tribe-leader-supports-pkk-2007-06-08 (Accessed November 1, 2017).

[354] Charountaki, "Turkish Foreign Policy and the Kurdistan Regional Government", pp. 185-208.

[355] *Ibid*, p. 192.

[356] "Turkish Delegation to meet top officials in Iraq", Hürriyet, May 1, 2008.

Turkish Prime Minister Erdoğan's positive effect of 2009 initiative over the Kurdish issue on Turkish foreign policy towards KRG was seen when Turkish Minister of Foreign Affairs Ahmet Davutoğlu met with KRG President Massoud Barzani on 31 October 2009, as well as in the first historic meeting of President Barzani with Turkey's Prime Minister on 4 June 2010. Then Ankara decided to open a consulate in Erbil.

Economic and other issues fueled Turkey-KRG relations in the region. KRG also wished to push ties with Turkey particularly after the US military withdrawal from Iraq in 2011. However, the disputes between KRG and Iraqi Central Government creates different attitudes over running the foreign policy, sharing the revenues and managing of the hydrocarbon resources in the northern part of Iraq.

Turkey's dependency on hydrocarbon resources helped Ankara and Erbil to come closer. In addition to the hydrocarbon issue, the legality of the oil contracts awarded by KRG to major oil companies, such as Exxon Mobil[357] and Chevron of the USA, Gazprom of Russian Federation, TOTAL of France and Turkish Genel Energy has brought Ankara much closer to Erbil than Baghdad.

In December 2010, a revolutionary wave in North Africa and the Middle East began in Tunisia with the Tunisian Revolution. The effect of revolution spread fast to five other countries: Yemen, Egypt, Libya, Syria and Iraq, where either the regime was toppled or major uprisings including civil wars or insurgencies, and social violence occurred. At the same time, PKK backed Democratic Union Party (PYD) tried to get the US support to settle on the Turkish-Syrian border from Northern Iraq to the Hatay border. The Kurdish issue now plays a critical role in the formation of Syria. This crisis is worsening the Turkish-Iraqi relations because of the different policies of these two governments over the Syrian issue. And Turkish foreign policy's motto of "full social and economic integration with the KRG" showed the strengthening relations between Turkey and KRG[358].

[357] Financial Times, "Exxon Signs Kurd Exploration Contracts", November 10, 2011http://www.ft.com/cms/s/0/4e44f860-0bda-11e1-9861-00144feabdc0.html#axzz2rQGHs3Vh (Accessed accessed on September 17, 2017).

[358] Charountaki, "Turkish Foreign Policy and the Kurdistan Regional Government", pp. 185-208.

Field	Oil[360] Proved + Probable Reserves and Contingent Resources (million bbl)	Gas Proved + Probable Reserves and Contingent Resources (trillion cubic feet)
Khurmala	2726	3,6
Shaikan	1001	1,3
Atrush	854	0,1
Tawke	731	0,1
Taq Taq	579	0,1
Kurdamir	541	2,3
Sheikh Adi	531	0,4
Pulkhana	409	N/A
Topkhana	55	1,7
Chemchemal	110	3,4
Khor Mor	138	4,4
Miran	34	3,5
Bina Bawi	45	4,9
Summail	0	1,4

Source: Robin Mills, Under the Mountains: Kurdish Oil and Regional Politics, Oxford Institute for Energy Studies, p.18.

Table 3: Reserves of Major Oil and Gas Fields in the KRG[361]

Economic relations between the KRG and Turkey started to strengthen with the rise of Turkish investments nearly about 16 Billion USD in the KRG region. Indeed, the KRG Region is a major market for Turkish exports[362]. However, in the end Turkey realized for its policy that to have good relations with Baghdad, it is necessary to have good relations with KRG as well. The deals made between Turkey and KRG in May 2012[363] have led to a direct exchange between KRG and Turkey for the first time. The deal covers constructing an oil pipeline with the capacity of 1 million barrels per day (bopd).

In late 2011, the KRG challenged the authority of the national government when it signed oil production-sharing agreements with ExxonMobil to develop blocks in the KRG, some of which are in disputed border areas. ExxonMobil drew back from some projects in Iraq, when the company had been asked by the Iraqi

[360] Robin Mills, "Under the Mountains: Kurdish Oil and Regional Politics", *Oxford Institute for Energy Studies (OIES)*, No 63, 2016, pp. 1-38.

[361] Assuming a 35% recovery factor for oil, for fields where oil in place figures are not available.

[362] *Ibid*, p. 194.

[363]Nathaniel Kern and Matthew M. Reed, "Iraq, Turkey and the New Kurdistan Pipeline Deal", http://www.mepc.org/iraq-turkey-and-new-kurdistan-pipeline-deal, (Accessed on April 30, 2017).

Government to make a choice between its involvement in the West Qurna-1 oilfield and its projects in the KRG[364].

At the same time, the KRG began to transfer some of the crude oil to Ceyhan terminal in Turkey and started to deliver SOMO by a deal made between Baghdad and the KRG in December 2014. Both of two sides agreed that: (1) the KRG give 250,000 bopd of the crude oil produced in the KRG to SOMO at the Ceyhan terminal,(2) SOMO export 300,000 bopd of Kirkuk crude oil through KRG's pipeline, and (3) Iraqi Government resume federal payments to the KRG that amount to a 17% share of Iraq's Federal Budget and payment to Peshmerga forces of the KRG about $1 billion[365]. The deal was planned to allow SOMO to reclaim marketing control over the majority of Iraq's northern crude exports. The deal has since collapsed.

5.5.2. The Dispute between KRG and Iraq Central Government Over the Legal Structure

KRG's activities to export oil solely through Turkey create disputes with Iraqi Central Government. Besides, the KRG's finance is dramatically dependent on its share of Iraq's national revenue.

Although the total oil production of Iraq has been on the increase, the production remains lower than expected. The KRG is hoping to develop its oilfields and increase its revenue share which belongs to its oil and gas legislation dating back to 2007[366]. At that point, the disputes between Baghdad and Erbil have begun. Baghdad feels disturbed of KRG's right to embrace its approach and threatened to blacklist energy companies which does business in the KRG from bidding for contracts in Iraq's southern fields[367].

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[364] Charountaki, "Turkish Foreign Policy and the Kurdistan Regional Government", pp. 185-208.

[365] Ben van Heuvelen and Ben Lando, "Baghdad Targets KRG Budget Priorities", December 17, 2012, http://www.iraqoilreport.com/news/baghdad-targets-krg-budget-priorities-9497 (Accessed November 17, 2017).

[366] Kurdistan Regional Government, "Oil Legislation and Major Developments", http://www.krg.org/p/p.aspx?l=12&p=219 (Accessed November 1, 2017).

[367] UPI, "Iraq Threatens to Blaclist Energy Companies", August 16, 2012, http://www.upi.com/Business_News/Energy-Industry/2012/08/16/Iraq-threatens-to-blacklist-oil-companies/UPI-15231345113565/ (Accessed on 9 September2017).

The KRG has signed almost 50 production sharing contracts. These contracts was signed mainly relatively small energy companies, such as the Turkish companies of Petoil, Genel Energy, and Dogan Energy[368]. However, the main problem is to export the resources. The major pipeline option ITL from Kirkuk to Ceyhan, belongs to the Central Government in Baghdad under SOMO.

Thus, recently Iraqi government blacklisted Exxon Mobil for its surprising decision in November 2011 to sign oil and gas exploration agreement with Erbil.[369] The dispute between Erbil and Baghdad pushed the Kurdish Bloc in Iraq's parliament to obstruct the adoption of Federal Energy Law. The main dispute between Iraq's Central Government and the KRG is the legislation about exploitation and managing energy resources in the KRG Region[370]. It is based on the Iraqi Constitution. The constitution approved by referendum in 2005 and implemented in 2006[371].

The constitution allocated power between the Iraqi government and certain regional governments. However, the KRG is the only government currently recognized. According to the constitution, all petroleum exported from Iraq should be marketed through SOMO. The KRG received 17% of marketing revenues. However, the disagreement is overextended of the KRG's rights to regulate the petroleum sector in the KRG, and its right to enter into contracts relating to the exploitation oil and gas in the region[372].

International oil and gas companies or super-majors were initially reluctant to invest in the KRG. Some small energy companies invested in the KRG Region and signed Production Sharing Contracts. These contracts give the companies greater ownership in the oil and gas produced than the Technical Service Contracts offered by Baghdad.

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[368] Genel Energy International Limited merged with Vallares PLC in 2011.

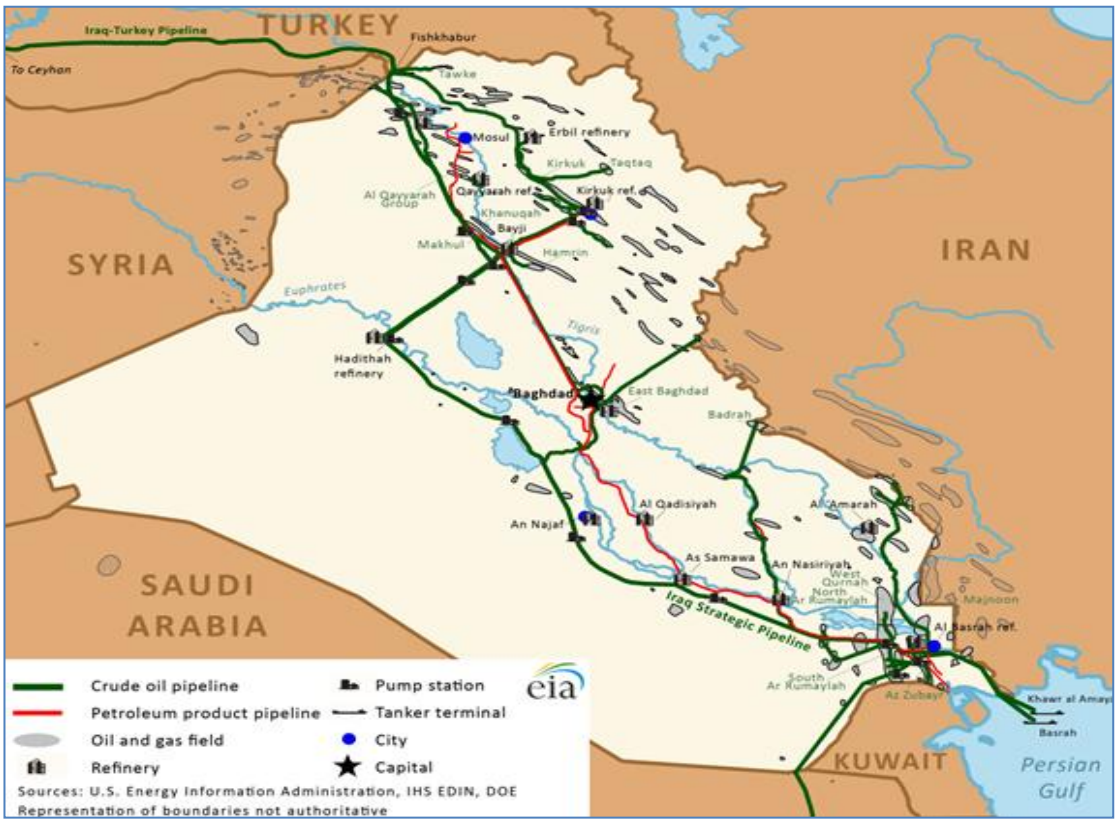
[369] Hassan Hafidh, "Iraq Blocks Exxon Licence Bid", *Wall Street Journal*, February 13, 2012.

[370] Ayhan et al. "Enerji Siyaseti Boru Hatları, Petrol Satışı ve Bağdat'ın Pozisyonu Türkiye - Irak Kürdistan Bölgesel Yönetimi", p. 32.

[371] *Ibid*, p. 32.

[372] *Ibid*, p. 33.

Figure 17: Location of Iraq Oilfields and Infrastructure



Source: U.S.Energy Information Administration, Country Analysis Brief: Iraq, Iraq's oil and natural gas infrastructure, p.2.

The discoveries of Kurdistan licensed areas boosted the balance and attraction of PSCs over the TSCs signed by major oil companies in Iraq. Therefore, ExxonMobil's high profile intention for six exploration blocks in the KRG in October 2011[373] is followed by Chevron, Gazprom, Total. Also, Shell is considering investing in the KRG Region. Lately, Russian oil and gas company Rosneft signed an agreement with the KRG[374].

In this period, the lack of legal infrastructure of oil and gas led both sides to establish their own internal and international oil and gas policies. The draft of

[373]Sylvia Pfeifer, "Exxon Signs Kurd Exploration Contracts", November 10, 2011, https://www.ft.com/content/4e44f860-0bda-11e1-9861-00144feabdc0 (Accessed on April 30, 2017)

[374] Stephen Bierman and Mohammed Sergie, "Rosneft Said to Prepay About $1 Billion for Kurdistan Oil", April 6, 2017, https://www.bloomberg.com/news/articles/2017-04-06/rosneft-said-to-prepay-about-1-billion-for-iraqi-kurdistan-oil (Accessed on November 1, 2017).

Federal Oil and Gas Law was first written in 2007[375]. And then the last draft was in 2011, but it has not been adopted by the Iraqi Parliament. In the Iraqi Constitution, management oil and gas is dealt with in articles 111 and 112[376].

Article 111 and 112 state that "oil and gas are owned by all the people of Iraq in all regions and governorates." Thus, the article ensures that the ownership of oil and gas lies with the people of Iraq, so the Federal Government has taken a consistent position. From that point, the Central Government argued that the KRG's PSCs are illegal.

Also, another important foundation of the Central Government's arguments relates to the Constitution's Article 112. The first section of 112 states that "The Federal Government, with the producing governorates and regional governments shall undertake the management oil and gas extracted from present fields, provided that it distributes its revenues in a fair manner in proportion to the population distribution in all parts of the country, specifying an allotment for a specified period for the damaged regions which were unjustly deprived of them by the former regime, and these regions that were damaged afterwards in a way that ensures balanced development in different areas of the country, and this shall be regulated by a law" [377]. So, the first section of Article 112 prescribes that any activity should be regulated by law.

From the view of the Central Government this position is reinforced by the second section of the Article 112: "The Federal Government, with the producing regional and governorate governments, shall together formulate the necessary strategic policies to develop the oil and gas wealth in a way that achieves the highest benefit to the Iraqi people using the most advanced techniques of the market principles and encouraging investment"[378]. In the second section of the same article, the federal government maintains that whatever the form of collaboration between

[375] Ayhan et al. "Enerji Siyaseti Boru Hatları, Petrol Satışı ve Bağdat'ın Pozisyonu Türkiye - Irak Kürdistan Bölgesel Yönetimi", p. 32.

[376] Ben Holland, "Are Kurdistan's Oil Contracts Constitutional", *Petroleum Economist Energy in the Middle East*, 2012, pp. 28-29.

[377] *Ibid*, p. 28.

[378] *Ibid*, p. 28.

the governmental units, the final action is to be determined by the Federal Council of Representatives. Although Baghdad concedes that the constitution gives the regions and governorates certain powers to modify or nullify federal legislation, it maintains that these cannot be related to Article 112. As stated in Article 115, "all powers not stipulated in the exclusive powers of federal government belong to the authorities of the regions and governorates that are not organized in a region."

From the perspective of the KRG, it has not breached the constitutional obligations. It claims autonomy under the constitution to control hydrocarbon resources in the KRG Region. For the KRG, Article 112 gives only a qualified right to the federal government to undertake the management of oil and gas extracted from present fields, that is the fields that had already been discovered and are under production at the date of the constitution in 2006. So, fields in KRG are not covered by the federal government's authority. KRG sees these fields covered under Article 115 of the Constitution: "all powers not stipulated in the exclusive powers of federal government belong to the authorities of the regions and governorates that are not organized in a region". With regard to other powers shared between the federal government and the regional governments, priority shall be given to the law of the regions and governorates not organized in a region in case of dispute[379]. And in new fields, where new oil exploration and exploitation take place, the KRG has the power to amend.

The KRG has approved its Oil and Gas Law in the Regional Parliament according to the articles 115 and 121 of the Iraqi Constitution in 2007. Afterwards, it signed its oil and gas agreements within the framework of the KRG Oil and Gas Law[380]. Iraq's Central Government warned companies that signed the TSC, not to sign PSCs with KRG. Otherwise, it would cancel their TSCs[381]. Also, Central

[379] *Ibid*, p. 29.

[380] Ayhan et al. "Enerji Siyaseti Boru Hatları, Petrol Satışı ve Bağdat'ın Pozisyonu Türkiye - Irak Kürdistan Bölgesel Yönetimi", p. 32.

[381] Ben Holland, "Are Kurdistan's Oil Contracts Constitutional", *Petroleum Economist Energy in the Middle East*, 2012, pp. 28-29.

[381] Ayhan et al. "Enerji Siyaseti Boru Hatları, Petrol Satışı ve Bağdat'ın Pozisyonu Türkiye - Irak Kürdistan Bölgesel Yönetimi", p. 32.

Government also declared that it would not invite these companies to the auctions in Iraq. Except for Exxon Mobil, currently two more major oil and gas companies have signed both PSC and TSC; Gazprom of Russia and TOTAL of France.

Another dispute between the Iraqi Federal Government and the KRG is marketing of oil. The agreement of the Kirkuk-Ceyhan Pipeline is signed on 19 September 2010 for 15 years[382]. In that deal, the sides are Oil Ministry of Republic of Iraq and Ministry of Energy and Natural Resources of the Republic of Turkey; SOMO, INOC and BOTAŞ (Turkish State Pipeline Company) were assigned as responsible state companies. For international law issues, the agreement has to be approved by both parliaments. A matter of fact, articles 61, 73.2 and 110.1 of Iraqi Constitution authorized the Central Government, Parliament and President to sign international agreements[383].

For a potential exploration of KRG oil, legally SOMO is authorized to export through the Kirkuk-Ceyhan Pipeline. However, if there would be any unexploited capacity in the pipeline, the two sides of the agreement could be assigned a third party to use the storage capacity of BOTAŞ in the Ceyhan Terminal. But in the agreement, it is not clear whether the assignment of third party terminal services needs the approval of both sides or not. According to the Kirkuk-Ceyhan Agreement Iraqi side has to supply 22 million tons in 2010, 27 million tons in 2011, 32 million tons in 2012 and 35 million tons in 2013 to the pipeline[384]. However, the transportation values realized in 2010 are 17,9 million tons, in 2011 19,9 million tons, and in 2012 19,7 million tons. Daily transportation rate was 400.000 barrels, below the regular rate of 630.000 barrels[385]. As a result, the unexploited capacity in the pipeline was planned to be used by the KRG.

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[382] Reuters, "Iraq, Turkey Sign Renewed Oil Pipeline Accord", September 19, 2010, http://uk.reuters.com/article/2010/09/19/iraq-turkey-pipeline-idUKLDE68I04V20100919 (Accessed November 1, 2017).

[383] Ayhan et al. "Enerji Siyaseti Boru Hatları, Petrol Satışı ve Bağdat'ın Pozisyonu Türkiye - Irak Kürdistan Bölgesel Yönetimi", p. 32.

[384] *Ibid*, p. 16.

[385] *Ibid*, p. 16.

5.6. Conclusion

Invasion of Kuwait in August 1990 resulted in sanctions and humanitarian crisis. Under these circumstances, Iraq was forced to shut down 97% of its oil exports[386]. In April 1995, the UN adopted Resolution 986 which established the system of Oil-For-Food Program[387]. After the fall of Saddam Hussein, Iraq has been under a kind of civil war, the conflicts between the ethnic and religious groups continue.

This historical story and the situation today constitute the energy security atmosphere of Iraq. Thus, the conflicts are vital for the security concerns about the oil resources. The disputes affected the oil production, distribution and exportation. Especially between the Iraqi Central Government and the KRG, the distribution of the revenues has been a permanent problem. In theory, the constitution was planned to solve such conflicts.

These conflicts also affected the Turkish-Iraqi relations. Amidst the humanitarian effect, border refugee problems and security problems, Turkey and Iraq shaped the bilateral relations in the 1990s. In the same period, the no-fly zone over Northern Iraq increased the Kurdish separatist movement in Turkey and has created security problems in the south-eastern part of the country. The PKK problem added a new energy security problem for the two countries for protecting the pipelines which come both from Caucasus and the Middle East.

So, the position of the KRG creates a new chapter of problems. The exploitation and exportation of oil constitute the main section of the dispute between the KRG and the Central Government of Iraq. Besides, instability in Syria spread to Iraq. Both the Iraqi Army and Peshmerga fight against the ISIS. With this war, at the

[386]Mishkat Al Moumin, "The Legal Framework For Managing Oil in Post-Conflict Iraq: A Pattern of Abuse and Violence Over Natural Resources", eds. Paivi Lujala and Siri Aas Rustad, *High-Value Natural Resources and Peacebuilding*, London, Earthscan, 2012, pp. 413-435.

[387] Under United Nations Security Council (UNSC) Resolution 661, passed in August of 1990, Iraq was placed under an oil embargo, and its financial assets were frozen (UNSC 1990). Because Iraq imports between 70 and 80 percent of its food, these sanctions caused a food shortage, and food prices increased from 200 to 1,800 percent.

same time, Iraq and Kurds are trying to secure their domination after the withdrawal of ISIS in Iraq.

Under these circumstances, Iraqi Kurds made a plebiscite over sovereignty in the KRG. However, at the same time, oil and gas exportation continues. Turkey is in need of oil from Iraq as well. However, in the near future, Iraqi gas will come into the play as an exportation material. Therefore, Turkey has to plan to limit Kurdish desires and secure oil and gas from Iraq at the same time. Oil and gas resources of whole Iraq will be a proper option for establishing the security of supply for Turkey in the short term.

CHAPTER 6

CONCLUSION

This thesis has emphasized that energy importers have to diversify their energy security policies with the exporters. In this sense, Turkey has to develop different relations with different partners like Kazakhstan and Iraq. As I stated in the introductory part, this thesis questions the views of the scholars in the literature that energy security policies of exporters have to be diversified due to the nature of trade partners. Kazakhstan and Iraq are different types of energy producers. In some cases, their energy policies resemble due to the aim of securing the demand. In this respect, this thesis also indicated that energy security policy of Kazakhstan resembles the energy security policy of Iraq. On the other hand, as a net importer, Turkey's policy differs from both of those countries mostly because of its high level of integration into the European energy markets and security institutions.

Accordingly, this thesis examined the energy security policy of Turkey as a net importer of hydrocarbon resources from Kazakhstan, an exporter in Central Asia, and Iraq, an exporter form the Middle East. The discussions in the previous chapters of the thesis support the main argument that Turkey’s energy security policies push Ankara to pursue a different but balanced energy policy towards the Eurasian and the Middle Eastern countries, as exemplified in Turkey’s energy cooperation with Kazakhstan and Iraq as representative cases from the respective regions.

In this context, the first chapter after the Introduction, identified certain points that are in line with the main argument of the thesis. When we consider energy security, it changes from country to country. For the USA, energy security means oil, cars, shale gas and the Middle East. For Europe, energy security means natural gas and Russia. For the Russian Federation, energy security means stable demand for its

natural gas from Europe, Turkey and the Far East and also transit security. For Turkey, energy security means sustainable energy supply at reasonable prices.

Similarly, the second chapter has the following supportive conclusions: Turkey is not an energy-rich country, but located between energy-rich regions. It has to import energy to continue its economic development. In 2014, most of the crude oil imports came from Iraq and Iran. In 2015 most of the natural gas (71%) came from Russia and Iran. Despite being surrounded by the richest regions in the world in terms of hydrocarbons, Turkey is unable to meet its demand. This demand creates an import-dependency and this situation has an impact on the Turkish economy. On one hand Turkey is trying to apply energy security policies, on the other hand it is expected play a crucial role as an energy bridge between resource rich East and the consumer West. Turkey has been playing its transit role by its existing pipelines and future pipeline projects like TANAP[388]. Besides, in the last years, to be an energy hub appears to be another option for Turkey.

Turkey's energy consumption is expected to rise too. The main aim of Turkish energy policy is to get safe and sufficient amount of energy for consumption and economic growth. In this context, Turkey has priorities for energy security.

To summarize the energy strategy of Turkey first it can be said that Turkey has to diversify its energy resources and import routes to decrease its vulnerability. Second, it should liberalize its energy market and investments. Besides, to strengthen the energy structure, Turkey has to increase its renewable energy share in energy supply and increase in energy efficiency. Finally, Turkey needs to reduce environmental damages of energy policies.

To ensure Turkey's energy security, the diversification of the energy routes gained increasing importance in Europe. Major pipeline projects were realized and others are under construction which contribute to energy security of Turkey and Europe. The Samsun-Ceyhan Pipeline Project, Baku-Tbilisi-Erzurum Natural Gas Pipeline, Trans-Caspian Pipeline Project, Blue Stream Pipeline are the results of this

[388] Volkan Özdemir et al. "The Trans-Anatolian Pipeline (TANAP) As A Unique Project in the Eurasian Gas Network: A Comparative Analysis", *Utilities Policy*, Vol. 37, 2015, pp. 97-103.

idea. Besides Turkey, Greece and Italy are in the Southern Europe Gas Ring Project that constitutes an essential component of Europe's energy diversification efforts.

Turkey has to shift its energy policy according to its needs towards its energy supply security. Turkey has been dependent on oil and gas especially from the Russian Federation, Iran and Iraq. Iraq plays a crucial role to supply oil in Turkey's energy mix. In this context, Turkey has to increase its trade partners in the field of energy by applying various energy security policies. Thus, Kazakhstan and Iraq would be options for importing oil and particularly gas.

In the third chapter, the importance of Turkish-Kazakh relations for both countries and in the system of international relations are emphasized. Kazakhstan has a great potential to contribute to Turkish energy supply security. As one of the former Soviet Socialist Republics (SSR), Kazakhstan owns large reserves of oil and gas. In the Soviet period, it was difficult for Kazakhstan to set close links with Turkey, due to its being integrated to the Soviet System. However, after the sudden independence, Kazakhstan was dependent on Russian pipeline infrastructure.

At the same time, economic crisis in Kazakhstan pushed the country to maintain a natural resource-based economic plan. Kazakhstan had to export hydrocarbon resources to Russian linked pipeline system. This made Kazakhstan vulnerable to exporting its oil and gas resources to the European markets. From that perspective, Kazakhstan is an option for Turkish oil and gas imports. The vast amounts of oil and gas resources are a secure supply for Turkey.

Turkey’s energy cooperation with Kazakhstan has its own advantages too. Socioeconomic and demographic factors and geo-strategic position of Kazakhstan make the country advantageous for exporting hydrocarbon resources to Turkey. In this context, also Turkey is a good solution for diversifying energy transportation routes for Kazakh hydrocarbon resources. Kazakhstan and Turkey have shown mutual support under multilateral organizations such as the SCO and the Conference on Interaction and Confidence-building measures in Asia (CICA). Besides, two countries have developed military cooperation. In this context, Turkey is a good solution for diversifying energy transportation routes for Kazakh hydrocarbon resources.

The fourth chapter has the following supportive conclusions: In line with the main argument of the thesis, Turkey has to strengthen energy relations with Iraq to diversify energy security strategy. However, after the Kuwaiti invasion in August 1990, sanctions and humanitarian crisis occurred. In April 1995, the UN adopted Resolution 986 which established the system of Oil-For-Food Program. Under these circumstances, Iraq was forced to shut down 97% of its oil exports. After the fall of Saddam Hussein, Iraq has been under a kind of civil war, the conflicts between the ethnic and religious groups continue.

These conflicts also affected the Turkish-Iraqi relations. Besides the humanitarian effect, border refugee problems and security problems shaped the bilateral relations in the 1990s. In this period the KRG emerged as an internal actor for Turkish-Iraqi relations after the fall of Saddam Hussein. After the Saddam regime, Turkey started to pursue the security concerns related to the PKK. After the US occupation, Turkey has become the most important economic partner for Iraq. At this point, the position of the KRG creates a new chapter of problems. The exploitation and exportation of oil constitute the main section of the dispute between the KRG and the Central Government of Iraq.

In the post-2003 period in Iraq, revenue sharing based disputes and discussions means a lot more than economic gain. As the KRG earns revenue from oil exports, Kurdish community set up a regional autonomy in the northern part of Iraq. In addition to Kurdistan Regional Government's oil reserves, which are estimated around 45 billion barrels[389], are considered, the presence of common history, culture and language are significant for the Kurds.

The oil and gas resources in Iraq and the KRG will be more important after to the ISIS crisis. Even though increasing American support helps Iraq and the KRG to resist against the ISIS, actors are still in need of fresh capital from oil and gas exports. However, the possibility of establishing a Kurdish state in the north of Syria and Iraq is a definite threat to Turkey. In this context, the referendum which was held

[389] Gulf Oil and Gas, "Iraqi Govt Won't Recognize Kurdistan Oil Contracts", September 25, 2016, , http://www.gulfoilandgas.com/webpro1/main/mainnews.asp?id=3515 (Accessed on November 1, 2017).

on 25 September 2017, increase Turkey's concerns about a Kurdish State in the north of Iraq.

Turkey is interested in the development of Iraqi oil and natural gas reserves as a whole. It is possible to link the Iraqi natural gas resources to the Turkish national energy grid through a pipeline constructed parallel to the Iraq-Turkey Pipeline (ITP). But here there is an uncertainty in the policies over Syria and Iraq for the actors which have forces on land. However, as the indications of economic and political influence hydrocarbons are apparent in economic, political and social fields of Iraq in internal and external spheres, this thesis also focused on the attractiveness of the northern oil resources. Iraq and especially Kurdish energy resources would be a good option for Turkey, considering the fact that Central Asian option is more difficult in the short-run.

As I indicated, policies regarding security of energy are designed and implemented in different ways by countries based on their economic, political and geographical circumstances. Importers and exporters have to diversify their energy security strategies and policies to secure their energy security needs. As indicated in the thesis, unlike claims that disregard the energy cooperation between Turkey and Eurasian and the Middle Eastern countries, Ankara has to pursue a diversified, steady and stable energy policy towards countries in these regions. In this sense, this thesis argues that Turkey’s energy security policy requires Ankara to pursue a different but balanced energy policy.

To conclude, as a highly integrated country with the Western institutions, security and energy market mechanisms, Turkey's energy security strategy differs mainly from both countries. Kazakh resources will be a part of long lasting energy policy, but in the short term, Iraqi resources would be a proper alternative for energy security of Turkey.

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APPENDICES

A. Turkish Summary/Türkçe Özet

1. Tezin Amacı ve Argümanı

Bu tez, net bir hidrokarbon ithalatçısı olan Türkiye ile petrol ihracatçısı bir Orta Asya ülkesi olan Kazakistan ve Orta Doğu'da bir petrol ihracatçısı olan Irak'ın enerji güvenliği politikalarını karşılaştırmalı bir bakış açısı ile ele almayı amaçlamıştır.

Son yüzyılda, enerji kaynaklarının güvenliği konusu, uluslararası politikada önde gelen konulardan bir haline gelmiştir. Enerji güvenliği, sadece ithalatçı ülkeler açısından değil, ihracatçı ülkeler açısından da önemli bir konudur. Enerji güvenliği terimi ise, hem ithalatçı ülkeleri, hem de ihracatçı ülkeleri kapsayan bir terimdir. Enerji güvenliğinin anlamı uluslararası aktörlere göre farklılık göstermektedir. İthalatçı ülkeler açısından makul fiyat ve arz riski ana endişeler iken, ihracatçı ülkeler açısından ihracatın güvenliği ve yeni enerji kaynakları yaratabilme ana endişe konularıdır.

Bu doğrultuda, ithalatçı ve ihracatçı ülkeler kendi politikalarını ihtiyaçlarına göre belirlemektedir. Ama tüketiciler, politikaları çerçevesinde arz kaynaklarını çeşitlendirmek zorundadır. Enerji ithalatçısı olarak Türkiye de, enerji arz kaynaklarını farklı enerji ortaklıklarıyla çeşitlendirmek zorundadır. Bu nedenle Türkiye örneği bize enerji ithalatçılarının farklı ihracatçılar ile farklı enerji güvenliği politikaları geliştirerek enerji güvenliği problemlerine çözüm bulmaları gerektiğini göstermektedir.

Türkiye'nin enerji güvenliği ağırlıklı olarak arz güvenliğinden oluşmaktadır. Rusya Federasyonu, İran ve Irak gibi bazı komşu ülkeler, Türkiye'nin enerji güvenliğinde arz kaynağı olarak önemli bir yere sahiptir. Türkiye, hidrokarbon ithalatını ağırlıklı olarak Rusya Federasyonu, İran, Irak ve Azerbaycan üzerinden karşılamaktadır. Türkiye petrol ihtiyacının %91'ini, doğalgaz ihtiyacının %99'unu

ithal etmektedir. Bu nedenle enerji arz güvenliği, sadece günlük tüketimi için değil, Türkiye'nin ekonomisi için de hayati bir konu haline gelmiştir.

Bu tezde, Türkiye'nin Kazakistan ve Irak ile enerji ilişkileri ele alınmıştır. Uzun vadede, Orta Asya enerji kaynaklarının Türkiye açısından gerçekçi ve güvenilir bir kaynak olması nedeniyle Kazakistan incelenmiştir. Kazakistan Türkiye açısından en olası petrol ve doğalgaz ihracatçılarından konumundadır. Sovyetler Birliği'nin dağılmasından sonra Kazakistan, Sovyet döneminden miras kalan hidrokarbon sektörünü ve altyapısını geliştirme yoluna gitmiştir. Kazakistan başta olmak üzere, Orta Asya coğrafyası hidrokarbon açısından zengindir. Göreceli gelişmiş petrol ve doğalgaz altyapısı sayesinde Kazakistan, Türkiye'ye petrol ve doğalgaz ihraç etmeye hazır bir durumdadır. Bu nedenle bu tezde, Kazakistan'ın enerji güvenliği ve Türkiye ile ilişkileri ele alınmıştır.

Irak da Türkiye'nin enerji ithal ettiği ülkelerden biridir. Kısa vadede, Irak petrolünün Türkiye'ye taşınmasına devam edilmesi beklenmektedir. Ancak, Türkiye açısından Irak doğalgaz kaynakları, Türkiye'nin enerji tüketiminde Rusya Federasyonu'nun hakimiyetini azaltmak amacıyla Türkiye açısından bir ithalat seçeneği olarak görülmektedir.

Daha önce de belirtildiği üzere, Türkiye gibi enerji ithalatçıları enerji güvenliği için enerji arz kaynaklarını çeşitlendirmek zorundadır. Bu durumda, Türkiye'nin enerji güvenliği politikası çerçevesinde Irak kısa vadede bir seçenek olabilir. Orta ve uzun vadede ise Kazakistan başta olmak üzere Orta Asya petrol ve doğalgaz kaynakları Türkiye'nin enerji güvenliği açısından cazip kaynaklar olarak ortaya çıkacağı düşünülmektedir.

Bu kapsamda bu tezin argümanı, Türkiye'nin enerji ihtiyaçları doğrultusunda enerji güvenliği politikalarının Ankara'yı, Avrasya ve Orta Doğu ülkeleri ile farklı ama dengeli bir politika izlemesi gerektiği yönündedir.

Eski Sovyet Cumhuriyetlerindeki enerji güvenliği politikalarının diğer bölgelerden farklı olmasına rağmen, eski bir Sovyet Cumhuriyeti olan Kazakistan'ın enerji güvenliği politikaları, bir Orta Doğu ülkesi olan Irak ile benzerlik göstermektedir. Diğer taraftan, farklı açılardan bir Orta Doğu veya Avrasya ülkesi konumunda olsa da Türkiye'nin enerji güvenliği stratejisi, Avrupa'nın enerji piyasalarına ve güvenlik yapılanmalarına yüksek seviyede entegre olmasından dolayı

Kazakistan ve Irak'ın enerji güvenliği politikalarından farklılık göstermektedir. Bununla birlikte, Türkiye, Kazakistan ve/veya Irak gibi farklı ihracatçılar ile farklı politikalar geliştirerek enerji ithalatını güvence altına almak durumundadır.

Coğrafi olarak Türkiye Doğu ile Batı, enerji üreticileri ve tüketicileri arasında yer almaktadır. Türkiye'nin Avrupa Birliği (AB) ile kuvvetli ticari, politik ve kültürel ilişkileri bulunmaktadır. Türkiye'nin içinde bulunduğu coğrafya, Türkiye'ye enerji, güvenlik ve ekonomi alanlarında önemli avantajlar sunmaktadır. Ancak öncelik, büyüyen ekonomiye bağlı olarak artan enerji ihtiyacını karşılayabilmektir. Bu noktada, Kazakistan ve Irak enerji güvenliği politikaları Türkiye için önemli hale gelmektedir.

Bu nedenle Türkiye, Irak ve Kazakistan ile enerji ilişkilerini geliştirmelidir. Kazakistan, Orta Asya'da lider bir hidrokarbon üreticisi, Türkiye ile de güçlü ekonomik, tarihsel ve kültürel bağları olan bir ülkedir. Sovyetler Birliği'nin dağılmasından sonra, Kazakistan, ülkeye gelen yabancı yatırımı artırmak konusunda büyük bir istek göstermektedir. Bu yolla Kazakistan, petrol ve doğalgaz sektörü için Batı teknolojisi edinmek, üretimi düzenlemek ve enerji güvenliğini sağlamak istemektedir.

Irak ise Orta Doğu'daki önemli bir hidrokarbon üreticisidir. Türkiye ve Irak ortak bir sınırı paylaşmakta, bu sınırdan Türkiye güvenlik sıkıntıları yaşamaktadır. Irak'ın milli bütçesi, neredeyse tamamen hidrokarbon ihracatından oluşmaktadır. İkinci Körfez Savaşı sonrasında, Irak petrol ve doğalgaz sektörü gerçekleştirilen saha ihaleleri ile yeni bir yatırım dalgası ile karşı karşıya kaldı. Ancak, Irak Kürdistanı Bölgesel Yönetimi ile Irak Merkezi Hükümeti arasında yaşanan sorunlar yatırım sürecini kesintiye uğratmıştır.

Bu çerçevede, Irak ve Kazakistan'ın sahip olduğu hidrokarbon kaynakları, Türkiye'nin enerji, güvenliği açısından çekici bir konumdadır. Her iki ülke de Türkiye ile ekonomik, tarihsel ve kültürel bağlara sahiptir.

Sonuç olarak bu tez, Kazakistan, Irak ve Türkiye'nin enerji güvenliği politikalarını ele almıştır. Türkiye ve Irak'ın hidrokarbon ihracatçısı olmasına rağmen, Türkiye her iki ülke ile farklı enerji güvenliği politikaları uygulamalıdır. Bu tez ayrıca, kısa vadede Irak enerji kaynaklarının, orta ve uzun vadede ise Kazakistan

enerji kaynaklarının Türkiye'nin enerji güvenli açısından iyi birer seçenek olduğunu göstermeye çalışmıştır.

2. Tezin Bölümleri

Bu tez altı ana bölümden oluşmaktadır. Giriş bölümünden sonra, ikinci bölüm enerji güvenliği konseptini tarihsel bir bakış açısından ele almaktadır. Bu bölümde, enerji güvenliği ile ilgili çeşitli tanımlamalar incelenmiştir. Ayrıca küresel ölçekte enerji güvenliğinin ne şekilde anlaşıldığı hususu da ele alınmıştır. Akabinde ise bu bölümde, uluslararası ilişkiler ve enerji güvenliği arasında ilişki tartışılmıştır.

Üçüncü bölüm ise ilk etapta,Türkiye'nin enerji güvenliğini anlatmaktadır. Bu bölüm, Türkiye'nin jeopolitik pozisyonuyla ilişkin olarak Türkiye'nin enerji güvenliği politikaları ile ilgilidir. Türkiye, değişen çevresel koşullar nedeniyle enerji arz güvenliği sorunu ile karşı karşıyadır. Türkiye'nin çevresinde enerji güvenliği mücadelelerinin özetinden sonra, bu bölümde Türkiye'nin enerji güvenliği ve enerji politikası analiz edilmiştir.

Dördüncü bölüm, Kazakistan enerji güvenliği ve Türkiye-Kazakistan enerji ilişkileri için ayrılmıştır. Sovyetler Birliği'nin dağılması sonrasında Kazakistan ağır ekonomik, politik ve sosyal sorunlar ile karşı karşıya kalmıştır. Sovyet sonrası dönemde, Kazakistan bağımsızlığını, petrol ve doğalgaz kaynaklarını kullanarak tesis etmeye çalışmıştır. Bu nedenle bu bölüm, Sovyet Dönemi'nde enerji yapısı ile Sovyet sonrası dönemde Türk-Kazak enerji ilişkilerini ele almıştır.

Beşinci bölümde ise, Türkiye ve Irak arasında enerji ilişkileri incelenmiştir. Tarihsel bir özetten sonra, Irak'ın enerji güvenliği ve bu konuda hukuki yapısı anlatılmıştır. Bunun yanında, 2003 sonrasında Irak'ın enerji güvenliği konusu açıklanmıştır.

Sonuç bölümünde ise, Türkiye'nin enerji güvenliği probleminin özellikle de petrol ve doğalgaz ithalatı açısından, Kazakistan ve Irak ile artan ilişkileri de değerlendirildiğinde yeni fırsatlar yarattığına değinilmiştir. Bu bölümde bu iki ülkenin Türkiye için enerji ihracatçısı olma olasılıkları dikkate alınmıştır. Sonuç olarak, orta vadede, Orta Asya enerji kaynaklarının Batı ekonomileri lehine güvence altına alınması konusunun bu ekonomiler için öncelikli bir konu olduğu belirtilmiştir.

3. Bulgular

Enerji güvenliği konusu ülkelerin enerji kaynaklarına sahipliği ile paralel olarak değişiklik göstermektedir. Ülkelerin petrol ve doğalgaz üreticisi olması enerji güvenliği başlığı altında talep güvenliğini, ülkelerin petrol ve doğalgaz tüketicisi olması ise arz güvenliğini ön plana çıkartmıştır. Soğuk Savaş'ın sona ermesi ile birlikte birçok uluslararası aktörün küresel sistemde yeni rolleri olmuş, uluslararası sistemin yapısı içerisinde evrilmeye başlamıştır. Günümüzde enerji güvenliği, uluslararası politikada önemli bir konu haline gelmiştir. Enerji güvenliği sadece jeoloji ile ilgili değil, jeopolitik ile ilgili bir konu durumundadır. Bununla birlikte enerji güvenliği, risk ve tehditleri değerlendirmenin yanı sıra enerji önceliklerinin uluslarının politikalarını nasıl etkilediği ide de alakalıdır.

Enerji güvenliği tarihinde Büyük Britanya Donanma 1.Lordu Sir Winston Churchill'in I.Dünya Savaşı öncesinde Kraliyet Donanması'nın tahrik sistemlerini kömür temelli sistemlerden petrol temelli sistemlere çevirme kararı çok önemli bir aşamadır. Bu aşamadan sonra petrol, askeri sanayi ve politika açısından hayati bir meta haline gelmiştir. Bu nedenle uluslararası politikada yeni bir sorun rotaya çıkmıştır: arz problemi.

Winston Churchill'in kararından bu yana enerji kaynakları üzerinde mücadele süregelmiştir. Arap-İsrail Savaşı, petrol krizleri sonrasında Uluslararası Enerji Ajansı (IEA) ve Petrol İhraç Eden Ülkeler Örgütü (OEPC) gibi uluslararası organizasyonlar kurularak enerji kaynaklarına yönelik mücadele yeni bir boyut kazanmıştır.

Enerji kaynakları üzerine gelişen bu mücadele ise, enerji güvenliği olgusunu kuvvetli bir şekilde ortaya çıkarmıştır. Çeşitli uluslararası organizasyonlar çeşitli tanımlar geliştirse de enerji güvenliği konusu genel olarak uygun, güvenilir, satın alınabilir ve sürdürülebilir enerji kaynaklarını temin etmek üzerine kurulmuştur. Bu doğrultuda bu tezin bulgularından birisi enerji güvenliği konusunda çeşitli tanımlar olmakla birlikte sayılan dört unsurun bütün tanımlarda bir şekilde yer aldığıdır.

Günümüzde iki ana süreç enerji dünyasını etkilemektedir. Bir taraftan, devletler tarafından desteklenen enerji şirketlerinin uluslararası enerji pazarlarında artan rekabeti, diğer taraftan ise devletlerarası işbirliği ve düzenlemelerin yoğunlaşması enerji politikalarını küresel ve bölgesel çapta odak noktası haline

getirmektedir. Bu nedenledir ki, uluslararası sistemde, ülkelerin enerji politikaları, enerji güvenliği öncelikleri ve uluslararası şirketlerin çıkarları gibi etkin olmaya başlamıştır.

Daha önce de belirtildiği gibi enerji güvenliği olgusu ülkeden ülkeye farklılık göstermektedir. ABD açısından enerji güvenliği petrol ve doğalgaz kaynaklarına ulaşımı içine alırken, Avrupa açısından Rusya Federasyonu'ndan gelen doğalgaz anlamına gelmektedir. Rusya Federasyonu açısından ise enerji güveliği Avrupa ve Türkiye'den petrol ve doğalgaz talebi odaklıdır. Türkiye açısından ise enerji güvenliği, uygun bedellerde sürdürülebilir enerji kaynaklarının temin edilmesidir. Türkiye, 2015 yılında petrolünün %91'ini, doğalgazının ise %99'unu ithal etmiştir.

Türkiye ise dünyanın en büyük 20 ekonomisi içinde yer almaya devam etmektedir. Ancak ekonomi, hidrokarbon ithalatına bağımlı durumdadır. Büyüyen ekonomi ise Türkiye'nin enerji talebi üzerindeki baskıyı artırmaktadır. Bu nedenle Türkiye'nin enerji politikası açısından enerji kaynaklarının çeşitlendirilmesi önemli bir hedeftir.

Coğrafi olarak Türkiye'nin çevresine bakıldığında ise, Orta Doğu enerji kaynakları daha ulaşılabilir konumda gözükmektedir. Suudi Arabistan, Katar, Irak, İran, Umman, Bahreyn, Kuveyt ve Birleşik Arap Emirlikleri toplamda dünyanın kanıtlanmış en büyük enerji kaynaklarına sahiptir. 2014 yılında bu ilkeler dünya rezervinin %48'ine sahip konumdaydı. Bununla birlikte Türkiye'nin petrol ithalatında Orta Doğu ülkeleri ön plana çıkmaktadır. Irak ve İran Türkiye'nin en önemli petrol tedarikçileri konumundadır. Türkiye, 2015 yılında ham petrolünün %41'ini Irak'tan, %20'ini İran'dan karşılamıştır. Doğalgaz açısından ise Rusya Federasyonu -%56, İran-%16 ve Azerbaycan-%11 ana doğalgaz tedarikçileri konumundadır.

Türkiye, bu ithalatı çeşitli boru hatları üzerinden ve spot piyasalardan alımlardan karşılamaktadır. Türkiye, Irak-Türkiye Boru Hattı, Bakü-Tiflis-Ceyhan Boru Hattı üzerinden petrol, Mavi Akım Boru Hattı, Doğu Anadolu Doğalgaz Boru Hattı ve Bakü-Tiflis-Erzurum Boru Hattı üzerinden de doğalgaz ithal etmektedir. Bununla birlikte Türkiye, Azerbaycan Şah Deniz-2 kaynaklarının taşınması için Trans-Anadolu Doğalgaz Boru Hattı inşaatına devam etmektedir.

Bu tezde ortaya çıkan bulgulardan biri de Türkiye'nin artan oranda petrol ve doğalgaz ithalatında daha da bağımlı hale geleceğidir. Zira, 2023 yılına kadar

Türkiye'nin ham petrol ithalatının iki katına çıkacağı öngörülmektedir. Artan enerji ihtiyacı, Türkiye'nin Dış Politikası'nda da önemli etkiler doğurmaktadır. Bu doğrultuda Türkiye, Irak petrol ve doğalgaz kaynaklarına yönelik hamleler gerçekleştirmektedir. Türkiye Petrolleri Anonim Ortaklığı (TPAO) Irak'ta Badra ve Missan Petrol Sahaları ile Mansuriye ve Siba Doğalgaz Sahaları geliştirme projelerinde paya sahiptir.

Netice olarak Türkiye enerji zengini bir ülke değildir. Dünyanın enerji yönünde zengin bölgelerine yakın olması, bu bölgelere yönelik enerji politikalarını da kritik hale getirmektedir. Bu tezde ortaya çıkan bir bulgu da, kısa vadede başta Irak olmak üzere Orta Doğu enerji kaynaklarının Türkiye'nin ithal etmesi açısından uygun kaynaklar olabileceği hususudur. Bununla birlikte orta ve uzun vadede ise Orta Asya kaynakları gündeme gelebilecektir.

Orta Asya'da ise Rusya Federasyonu'ndan sonra en zengin hidrokarbon kaynaklarına sahip olan Kazakistan, petrol ve doğalgaz üretimi ile dikkat çekmektedir. Kazakistan'daki rezervler, bu ülkeyi bölgesel ve küresel enerji pazarları açısından önemli kılmaktadır. Bununla birlikte Kazakistan, coğrafi konumu gereği de Orta Asya enerji kaynaklarının Doğu ve Batı pazarlarına taşınması konusunda önemli bir transit ülkedir.

Sovyetler Birliği'nin dağılması sonrasında ise Kazakistan, enerji kaynakları ile ülkeyi kalkındırabilecek finansmanı yaratmaya çalışmaktadır. Sovyetler Birliği döneminde ise Kazakistan, merkezi planlama mantalitesi doğrultusunda tarımsal üretim alanında öne çıkmaktaydı. Bu dönemde Kazakistan'ın ekilebilir alanlarının neredeyse %90'ına yakını buğday ekimi için kullanılmaktaydı. Beş yıllık Kalkınma Planları ile Kazakistan, yavaş yavaş endüstri altyapısı kazanmış, İkinci Dünya Savaşı ile birlikte Kazakistan hidrokarbon kaynakları önem kazanmıştır.

Sovyetler Birliği zamanında Bakü, petrol üretim merkeziydi. İkinci Dünya Savaşı'nda Bakü'nün ele geçirilebileceği varsayımı altında, Kazakistan'da arama çalışmalarına başlanmıştır. Böylelikle Sovyetler Birliği açısından Bakü kaynaklarına olan bağımlılık azaltılmaya çalışılmıştır.

1970'lerin sonralarına doğru ise Amerikan petrol şirketleri, Kazakistan'da enerji kaynaklarına yönelik yatırım yapabilecekleri belirtmeye çalıştır. 1990'lı yılların başında ise, Kazak Sosyalist Cumhuriyeti, arama faaliyetlerine yönelmiştir.

1990'lı yılların başı itibariyle Kazakistan Sosyalist Cumhuriyeti'nin Sovyetler Birliği'nin toplan petrol üretimine katkısı %6 seviyesindedir. Sovyetler Birliği döneminde önemli petrol ve doğalgaz sahaları olarak Tengiz ve Karaçaganak 1979 yılında, Kumkol Sahası ise 1981 yılında keşfedilmiştir.

Kazakistan, Sovyetler Birliği'nin dağıldığı dönemde, bağımsızlığa hazırlıksız yakalanmıştır. Aralık 1991'de Kazakistan, Sovyetler Birliği'nden bağımsızlığını ilan etmiştir. Nursultan Nazarbayev, bağımsızlıktan sonra yapılan seçimle Devlet Başkanı olarak seçilmiştir. 30 Milyar varil kanıtlanmış petrol rezervi olan Kazakistan, bağımsızlık sonrasında piyasa ekonomisi sistemine entegre olmak için enerji kaynaklarını kullanmayı amaçlamıştır.

Sovyetler Birliği'nin son yıllarında, bazı uluslar arası enerji şirketleri Kazakistan petrol sektörüne ilgi duymaya başlamıştı. ABD'li Chevron Şirketi 1980'li yılların sonunda Tengiz Sahası'na ilgi duymuş, bu sahaların haklarını alma konusunda anlaşma imzalamıştı. Bu anlaşma çerçevesinde, TengizChevroil (TCO) ortaklık şirketi kurulmuş, bu şirkette Chevron %50, Exxon Mobil %25 oranında hisseye sahip olmuştu. Bağımsızlık sonrası dönemde ise, kalan hisseler %20 KazMunayGaz, %5'i Rus Lukoil ve İngiliz Arco ortaklığı LukArco'a aittir.

Kazakistan, bu tarz ortaklıklar ile ekonomisini güçlendirmeyi ve refahı arttırmayı amaçlamıştır. Bu nedenle Sovyetler Birliği döneminden kalan organizasyonlar yeniden düzenlenmiş, Kazak Devlet Şirketi olarak KazMunayGaz oluşturulmuştur. KazMunayGaz, Kazakistan'daki bütün petrol ve doğalgaz yatırımlarına taraf olmuştur. Bağımsızlık sonrası süreçte uluslararası enerji firmaları Kazakistan'da yatırımlara yönelmiştir.

Kazakistan açısından enerji sektörünün bu kadar önemli olması, enerji güvenliğinin de Kazakistan açısından önemini artırmıştır. Bu durum, Orta Asya enerji kaynaklarının uluslararası arenada önemini artırmaya başlaması ile aynı dönemde gerçekleşmiştir.

Kazakistan'da, Tengiz ve Karaçaganak iki önemli üretim projesidir. Ayrıca Hazar Denizi'nde keşfi yapılan Kaşagan sahası da Kazakistan'ın hidrokarbon üretimi açısından hayati öneme sahiptir. Bu sahaların etkin bir şekilde işletilmesi amacıyla hukuki düzenlemeler de yapılmış, bu sahalara yatırım çekilerek yetersiz olan eski Sovyet teknolojisinin yerine Batı teknolojisi entegre edilmeye çalışılmıştır.

Bunun yanı sıra Kazakistan, uluslar arası organizasyonlar içinde yer alarak da enerji güvenliğine katkıda bulunmaya çalışmaktadır. Bu doğrultuda Şanghay İşbirliği Örgütü (ŞİÖ) üyesi olan Kazakistan, Rusya Federasyonu'nun öncülüğünde ŞİÖ Enerji Kulübü'nün kurulmasında da yer almıştır. ŞİÖ Enerji Kulübü temel olarak ŞİÖ içinde tek bir enerji pazarı yaratma amacını taşımaktadır. Bu tarz organizasyonlar ile Kazakistan, çeşitli alanlarda işbirliği alanları yaratma şansı yakalamaktadır. Başta Rusya Federasyonu ve Çin olmak üzere, enerji alanında ŞİÖ Enerji Kulübü kanalıyla işbirliği imkanı ortaya çıkmaktadır. Bu kanalla Kazakistan, Çin ve Rusya Federasyonu arasında üçlü bir etkileşim doğmuştur.

Kazakistan-Türkiye ilişkileri de Kazakistan'ın işbirliği kanalı yaratma çabaları açısında anlam taşımaktadır. Özellikle Türkiye'nin enerji kaynaklarına bağımlılığı göz önünde bulundurulduğunda, Kazakistan Türkiye açısından önemli bir ithal seçeni olarak ortaya çıkmaktadır. Zira, jeo-stratejik pozisyonun yanı sıra sosyo-ekonomik ve demografik koşullar Türkiye ve Kazakistan arasında enerji işbirliğini kuvvetlendirecek etkenlerdir. Türkiye, Kazakistan'ı tanıyan ilk ülke olup, ekonomik, sosyal, ticari, politik, teknik ve kültürel alanlarda işbirliğinin geliştirilmesi amacıyla iki taraf arasında anlaşmalar imzalanmıştır. İki ülke arasında ticaret hacmi 2004 yılında 800 Milyon ABD Doları seviyesinde iken, 2016 yılında 2 milyar ABD Doları seviyesine yükselmiştir.

Geçmişte, Türk milli enerji şirketi TPAO, KMG ile KazakTürkMunay (KTM) ortaklık şirketini kurmuştur. Ayrıca, BTC Boru Hattı Projesi gündemde iken Kazakistan da projeye dahil konumdaydı. Ancak, Rusya Federasyonu'nun baskıları sonrasında Kazakistan, BTC'ye katılımdan vazgeçmiştir.

Bunun yanı sıra, Türkiye'nin enerji ihtiyaçlarını göz önünde bulundurduğumuzda, Türkiye'nin enerji alanında önemli projelere ve ortaklıklara ihtiyacı bulunmaktadır. Bu çerçevede Kazakistan petrol ve doğalgazı açısından Türkiye pazarı cazip bir pazardır. Petrol ihraç noktalarını çeşitlendirmek isteye Kazakistan açısından Türkiye, güvenilir bir pazar olabilecektir.

Bu noktada tezin önemli bir bulgusu da Kazak enerji kaynaklarının Türkiye açısından uygun, güvenilir bir kaynak olarak ortaya çıktığı konusudur. Türkiye'nin yakın coğrafyasındaki istikrarsız koşulları da dikkate aldığımızda, orta ve uzun vadede tarihsel, kültürel ve ekonomik ilişkileri olan bu iki ülke arasında enerji

kaynaklarının paylaşımına yönelik yeni projeler geliştirilmesi, Türkiye açısından da güvenilir arz kaynağı yaratması anlamına gelecektir.

Bu tezin bir diğer bulgusu ise Irak hidrokarbon kaynaklarının kısa vadede Türkiye'nin enerji ihtiyaçları açısından uygun olabileceği konusudur. Zira Irak toprakları, 19.yy'ın sonlarından itibaren barındırdığı petrol ve doğalgaz kaynakları nedeniyle mücadele alanı olmuştur. Birinci Dünya Savaşı öncesinde Rusya Federasyonu, Fransa, Büyük Britanya ve Avusturya-Macaristan İmparatorluğu'nun Osmanlı İmparatorluğu'na müdahalelerine karşı Sultan II.Mahmut Orta Doğu'da otoritesini güçlendirmeye yönelik politikalar gerçekleştirmeye çalışmıştır. Sultan II.Mahmut, Orta Doğu'daki, özellikle de Bağdat, Halep, Musul, Basra, Beyrut ve Kudüs'te, bazı arazileri şahsi listesine katmıştır. Bu döneme Osmanlı İmparatorluğu, topraklarındaki, özellikle de Orta Doğu'daki, petrol ve doğalgaz rezervlerinin öneminin farkındaydı. İngiltere, Almanya ve Fransa, Orta Doğu'daki petrollerin imtiyazlarını almak için Berlin-Bağdat Demiryolu Projesi gibi projeler ile Osmanlı İmparatorluğu'nda imtiyaz kapma mücadelesi içindeydi. Birinci Dünya Savaşı, emperyalist güçler açısından petrol ve doğalgaz kaynaklarının önemini ortaya koyan ilk mücadele alanı olmuştur. Zira Birinci Dünya Savaşı devam ederken, Rusya, İngiltere ve Fransa Orta Doğu'daki paylaşıma yönelik meşhur Sykes-Picot Anlaşmasını bile imzalamıştı.

Savaş sonrasında ise Osmanlı İmparatorluğu'nun Orta Doğu toprakları Fransa ve İngiltere arasında paylaşıldı. Savaş sonrası dönemde ise 1920 yılındaki Sevr Anlaşması ile Musul İngiltere'ye bırakılmış, sonrasında 1925 yılında Milletler Cemiyeti kararı ile Irak'a bırakılmıştır.

Bu dönem de Birinci Dünya Savaşı'ndan önce kurulan Türk Petrol Şirketi (TPC), savaş sonrasında Irak Petrol Şirketi olarak Irak'ın petrol ve doğalgaz sahaları üzerinde otorite olmaya devam etmiştir. İngiliz, Fransız ve Amerikan firmalarının ortaklığı olan Irak Petrol Şirketi ile Batılı ülkeler Irak petrolleri üzerinde hüküm sürmüştür.

20.yy'ın ikinci yarısında ise Irak'ta monarşi son bulmuş, Abdülkerim El-Kasım Devlet Başkanı olmuştur. Bu dönemde Orta Doğu'da Arap-İsrail Savaşları, petrol krizleri ve Irak-İran savaşı bölgeyi derinden etkilemiştir. Bu sürecin sonunda ise Irak'ın Kuveyt işgali, uluslararası arenada cevap bulmuş ve Birleşmiş Milletler

kararı ile ambargo başlatılmış, ayrıca Körfez Fırtınası Operasyonu ile Irak Birlikleri Kuveyt'ten çekilmek zorunda bırakılmıştır.

Körfez Savaşı sonrasında ise uluslararası pazarlara petrol ihraç eden Irak, 2000 yılında ABD Doları yerine Avro ile petrol ticareti işlemleri gerçekleştirme kararı almıştır. Sonrasında ise ABD'nin Irak'a müdahalesi gerçekleşmiş, demokrasiyi yayma sloganı ile başlatılan bu harekatta ABD Irak'a hakim olmuş ve ABD Şirketleri Irak'taki enerji pastasından büyük paylar almaya başlamıştır.

İkinci Körfez Savaşı sonrasında ise uluslararası şirketler, ardı ardına gerçekleştirilen ihaleler ile Irak'ta petrol ve doğalgaz sahalarında pay elde etmeye başlamıştır. Bu dönemde BP, Royal Dutch Shell, Chevron, Texas, Exxon Mobil gibi küresel enerji şirketleri Irak'taki petrol ve doğalgaz sahalarında arama ve üretim çalışmalarına başlamıştır.

Türkiye ise bu dönemde göreceli olarak geri planda kalmıştır. TPAO'nun bazı sahalarda elde ettiği paylar dışında Türkiye, Irak enerji pastasından gerekli payları alamamıştır. Zira Irak açısından Türkiye hayati bir pozisyondadır. Irak ve Türkiye arasında inşa edilen ve operasyonel olan Irak-Türkiye Petrol Boru Hattı (Kerkük-Ceyhan Hattı), Irak petrollerinin uluslararası pazarlara ulaşmasında kritik bir rol oynamaktadır.

Ancak, 2011 yılından sonra Kuzey Afrika'da ortaya çıkan değişim ve "Arap Baharı" olarak adlandırılan süreç, Orta Doğu'da istikrarsızlık ve değişimi beraberinde getirmiştir. Suriye'de başlayan isyan hareketi, Irak'ı da olumsuz etkilemiştir. Bu süreç Irak ve Şam İslam Devleti (IŞİD) sorununu doğurmuştur. IŞİD, Irak'ın bütünlüğünü de tehlikeye atmış, bu süreçte Türkiye'de ayrılıkçı Kürt hareketini kontrol altında tutmaya çalışmıştır. Zira Türkiye, ticari ve ekonomik açıdan istikrarlı bir Irak'tan yanadır. ABD'nin Irak işgali sonrasında Irak ve Türkiye arasında ilişkiler yoğunlaşmıştır. 1 Mart 2003 tarihinde Türkiye, ABD askerlerinin Türkiye üzerinden Irak'a geçmesini ve işgal kuvvetlerine katılmayı reddetmiştir. Ancak Irak'ta yaşanan gelişmeler sonucunda, Irak'a yönelik çıkarlarını koruma yoluna gitmiştir. Daha istikrarlı bir Irak, Türkiye ve Türk firmaları için daha çok fırsat anlamına gelmektedir. Mevcut Irak-Türkiye Boru Hattı'nın daha işler hale gelmesinin yanı sıra ki bu hat günde 300.000 varil petrol taşımaktadır, Kürt petrolü de bu hattan transfer edilmeye başlamıştır. Kuzey Irak'taki Kürt oluşumu, enerji ilişkileri bağlamında

Türkiye'nin ilgisini çekmiş, 2009 yılında Başbakan Ahmed Davutoğlu'nun Erbil ziyareti ile resmi görüşmeler başlamıştır. Bu dönemde Irak Merkezi Hükümeti ile Irak Kürt Bölgesel Yönetimi (IKBY) arasında sorunlar yaşanmaya başlamıştır. Enerji alanında IKBY, Irak Anayasası'ndaki boşluklardan yararlanarak avantaj elde etme yoluna gitmiştir. IKBY, uluslararası enerji firmaları ile bağımsız bir şekilde petrol anlaşmaları imzalamaya başlamış, bu durum Irak Merkezi Hükümeti tarafından IKBY ile anlaşma imzalayan firmaların kara listeye alınması ile sonuçlanmıştır. Yaşanan sorunlar neticesinde IKBY'nin petrolünün ihracatı yasaklanmış, Türkiye-Irak arasında petrol ticareti karayolu ile yapılmaya başlanmıştır.

Türkiye'nin petrol ve doğalgaz kaynaklarına olan bağımlılığı, Türkiye-IKBY arasındaki ilişkinin gelişmesine zemin hazırlamıştır. Ayrıca IKBY'nin ExxonMobili Gazprom, Chevron, Rosneft, TOTAL gibi küresel enerji devleri ile anlaşmalar imzalaması da Türkiye ve IKBY'yi birbirine yakınlaştırmıştır. Orta Doğu ve Kuzey Afrika'daki Arap Baharı ile PKK destekli PYD, ABD desteğini elde etmiş, bu durum ise Türkiye tarafından bir tehdit olarak yorumlanmıştır.

Bu dönemde ise, Türkiye'ye yapılan petrol ticareti Irak Bölgesel Yönetimi ve IKBY en önemli sorun olmuştur. IKBY tarafından yapılan yaklaşık 50 adet üretim-paylaşım anlaşması sorunların temelini teşkil etmiştir. Bu anlaşmalar ile üretilen petrolün ihracatı büyük sorun olmuş, Irak Merkezi Hükümeti de IKBY'nin Irak bütçesinin ana gelir kalemi olan petrol gelirlerinin %17'sini IKBY'ye ödemeyi durdurmuştur. Bu dönemde petrol ticareti konusunda yasal altyapının eksikliği nedeniyle hem Irak Merkezi Hükümeti, hem de IKBY kendi petrol politikalarını uygulama yoluna gitmiştir. Irak Petrol ve Doğalgaz Yasası taslağı 2007 yılında tamamlanmıştır. Taslağın son hali 2011 yılında oluşturulmuş, ancak Irak Parlamentosu tarafından hala kabul edilmemiştir. Irak Petrol Yasası taslağında 111 ve 112.maddeler petrol ve doğalgaz kaynaklarına yönelik yapılan anlaşmaları kapsamaktadır. Bu maddeler, Irak petrol ve doğalgaz kaynaklarının sahipliğini Irak halkının tamamına vermiştir. Madde 112 uyarınca, Irak'ın enerji kaynaklarına yönelik gerekli politikaların oluşturulması ve uygulanması Irak Merkezi Hükümeti'nin yetkisine verilmiştir. IKBY ise bu yetkinin yine madde 112 uyarınca sadece yasa taslağının oluşturulduğu tarih itibariyle mevcut petrol ve doğalgaz

sahalarını kapsadığını, 2006 yılından sonra keşfedilen sahaları kapsamadığını iddia etmektedir.

Zira IKBY kendi petrol ve doğalgaz yasasını, Irak Anayasası'nda 115 ve 121. Maddeler uyarınca 2007 yılında oluşturmuş ve kabul etmiştir. IKBY, imzalamış olduğu üretim-paylaşım anlaşmalarını da IKBY Petrol Yasası'na göre imzalamış ve kabul etmiştir.

Bunun yanı sıra Irak Merkezi Hükümeti ve IKBY arasında bir diğer sorun ise üretilen petrol kaynaklarının ihraç edilmesi konusudur. Irak-Türkiye Petrol Boru Hattı'na yönelik Türkiye ve Irak arasında anlaşma 2010 yılında 15 yıllığına tekrar imzalanmış, Irak adına petrol ihraç yetkisi Devlet Petrol Pazarlama Şirketi (SOMO) ve Türkiye adına ithalat yetkisi BOTAŞ'a verilmiştir. Bu nedenle IKBY petrolünün ihracatında da SOMO yetkili olmuş, IKBY'nin de SOMO üzerinden bu petrolü ihraç etmesi sonucu doğmuştur.

Türkiye açısından önemli bir enerji arz ülkesi olan Irak'ta yaşanan bu sıkıntılar Irak-Türkiye ilişkilerini de olumsuz etkilemiştir. Özellikle IKBY'nin pozisyonu, iki taraf arasında yeni bir sorun doğurmuştur. Buna ek olarak IŞİD problemi ve Suriye'deki istikrarsızlık Irak'a sıçramış, Irak ordusu ve Peşmerge, IŞİD'e karşı savaşmış, hakimiyet alanlarını da genişletmeye çalışmıştır. Bu koşullar altında Irak Kürtleri IKBY'de bir referandum gerçekleştirmiştir. Bu referandum sonucunda bağımsızlık kararı çıksa da bu durum Irak'ta sorunları büyütmüş ve çevre ülkelerin tepkisini çekmiştir. Bunun yanında Türkiye ise Kürtlerin bağımsızlık isteklerini Türkiye'de yaşayan Kürt azınlık nedeniyle ulusal bütünlüğüne yönelik bir tehdit olarak görmüş ve Irak Merkezi Hükümeti ile ilişkilerini geliştirme yoluna gitmiştir.

Bu noktada bu tezin önemli bir bulduğu da hem ırak Merkezi Hükümeti, hem de IKBY açısından petrol ve doğalgaz yasaları ele alınarak, Irak'tan petrol ihracatının hukuki boyutlarını ele alması, bu noktada kısa vadede Irak enerji kaynaklarının Türkiye açısından önemli bir arz kaynağı olduğu hususudur.

4.Sonuç ve Öneriler

Bu tez, Türkiye'nin enerji arz kaynaklarını çeşitlendirmesi gerektiği hususunu vurgulamaktadır. Bu doğrultuda Türkiye, Kazakistan ve Irak gibi farklı aktörler ile farklı ilişkiler geliştirebilecek bir pozisyondadır.

Türkiye'nin enerji tüketiminin artması beklenmektedir. Büyüyen ekonominin ana girdisi olan enerjinin talebinin de artacağı dikkate alındığında, enerji güvenliği ana başlığı altında enerji arz güvenliğinin tesis edilmesi Türkiye açısında hayati öneme sahiptir. Bu nokrada arz kaynaklarının çeşitlendirilmesi, başta Rusya olmak üzere komşulara olan bağımlılığın göreceli olarak azaltılması, Türkiye'nin enerji ithalatında kırılganlığını azaltması açısından da önemlidir. Ayrıca Avrupa Birliği tarafından da bu durum, Avrupa'nın enerji arz güvenliğinin korunması açısından önemli görülmektedir. Bu nedenle Kazakistan petrol ve doğalgaz kaynakları ile, başta doğalgaz olmak üzere, Irak'ın enerji kaynakları Türki enerji politikası ve Türkiye'nin enerji güvenliği açısından önemli açılımlar olabilecektir.

Bu nedenle, Türkiye'nin farklı ülkelerle farklı enerji ilişkileri geliştirmesi, çok yönlü bu işbirliğinin enerji güvenliğini tesis etmesi yönünde kullanması hayatidir. Dolayısıyla bu tez, Türkiye'nin Orta Asya ve Orta Doğu enerji kaynaklarından daha fazla pay alması gerektiğini savunmaktadır. Özellikle uzun vadede Kazakistan enerji kaynaklarının, kısa vadede ise Irak enerji kaynaklarının kullanılmasına yönelik politikalar geliştirilmesinin ve uygulanmasının, Türkiye'nin arz güvenliğine büyük katkı sağlayacağı önerilmektedir.

B. Tez Fotokopisi İzin Formu

ENSTİTÜ

Fen Bilimleri Enstitüsü	☐
Sosyal Bilimler Enstitüsü	x
Uygulamalı Matematik Enstitüsü	☐
Enformatik Enstitüsü	☐
Deniz Bilimleri Enstitüsü	☐

YAZARIN

Soyadı : YAVUZ

Adı : Halil Buğra

Bölümü : Avrasya Çalışmaları

TEZİN ADI (İngilizce) : A Comparative Study of Turkey's Energy Security Policies Towards Kazakhstan and Iraq

TEZİN TÜRÜ : Yüksek Lisans [x] Doktora [ ]

1. Tezimin tamamından kaynak gösterilmek şartıyla fotokopi alınabilir. [ ]

2. Tezimin içindekiler sayfası, özet, indeks sayfalarından ve/veya bir bölümünden kaynak gösterilmek şartıyla fotokopi alınabilir. [ ]

3. Tezimden bir bir (1) yıl süreyle fotokopi alınamaz. [x]

TEZİN KÜTÜPHANEYE TESLİM TARİHİ: